Austria	Sch24	Indonesia	Rp3100	Philippines	Pes40
Bahrain	Din0.750	Iran	Rls210	Portugal	Esc150
Belgium	BFr55	Israel	Shk3.50	Qatar	QR6.00
Cyprus	C£0.90	Italy	L2000	S.Arabia	SR7.00
Denmark	DKr12.00	Jordan	Fils1000	Singapore	S$4.10
Egypt	E£3.25	Kuwait	Fils.500	Spain	Pta165
Finland	FM8.50	Lebanon	L£800.00	Sweden	SKr12
France	FFr7.00	Lux	LFr55	Switz	SFr2.80
Germany	DM2.80	Malaysia	Rin4.25	Thailand	Bht50
Greece	Dr150	Morocco	Dh8.00	Tunisia	Din0.900
Hong Kong	HK$12	Neth	Fl3.25	Turkey	L1400
Hungary	Ft107	Nigeria	Naira10	UAE	Dh7.00
Iceland	IKr160	Norway	NKr12.00		
India	Rs15	Oman	OR1		

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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SALE OF ROVER

Lord Young says why deal was done

Page 19

World News

Afghan coup attempt fails after heavy fighting

A COUP attempt against the Soviet-backed Afghanistan Government of President Najibullah appeared to have failed after heavy fighting in which rebel air force pilots bombed the presidential palace.

The coup attempt was led by General Shanawaz Tanai who belongs to a faction traditionally opposed to President Najibullah's group within the ruling communist People's Democratic Party of Afghanistan. General Tanai is reported to have fled. Page 20

Kaifu challenged

Toshiki Kaifu, Japan's Prime Minister, fresh from a meeting in California with President George Bush, returned to Tokyo amid controversy over what promises he made while in the US. Page 20

Czech poll date

The Czechoslovak Parliament set the date for the first free elections in more than four decades for June 8-9. Page 2

Soviet property law

The Soviet Parliament passed a law which is regarded as an important step towards legalising the concept of private property, long considered taboo in a communist society. Page 2

Sea dump opposed

Britain's proposals for cleaning up the North Sea were strongly criticised by Mrs Hamja Maij-Weggen, of the Netherlands. Page 2

US aid to Panama

President Bush is to ask Congress for an additional $500m in new bilateral assistance for Panama to help its economic recovery. Page 6

Peace plan thwarted

Israel's Labour Party rejected conditions set down by Likud for taking part in US-sponsored peace talks with Palestinians, threatening a break-up of the national unity government. Page 4

Enrile on bail

Philippine opposition leader Juan Ponce Enrile, facing rebellion and murder charges, was freed on bail. Page 4

No jobs for Contras

Nicaraguan President-elect Violeta Chamorro said there would be no jobs for US-backed Contra rebels in her government or army.

Israelis disguised

Israeli security men disguised as Arabs drew their guns and fired in the air when youths started stoning a passing army jeep in occupied Gaza City, Palestinians said.

Oil barge explodes

A barge loaded with 100,000 barrels of heating oil exploded and broke in half in New York harbour, shooting flames 1,000ft into the air. Intense heat hampered firemen.

Yeltsin to run

Communist Boris Yeltsin said he would run for president of the Russian Republic, provided the other reformist candidates won 50 per cent support in last weekend's election.

Libyan chief resigns

Libyan Transport Secretary Mubarak al-Shamekh resigned after telling parliament that "criminals" had seized control of a state-owned shipping firm infested with corruption.

HK bill approved

A consultative draft of Hong Kong's proposed Bill of Rights was approved by the colony's executive council. Page 4

Iran cancels oath

Iran abandoned the Hippocratic oath for doctors, saying they should take an Islamic one instead.

Business Summary

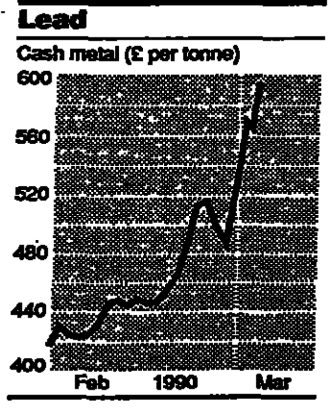
De Beers to spin off its overseas interests

De Beers, South African mining group, said it would spin off its overseas interests into a new Swiss-registered company, in a move apparently intended as a hedge against nationalisation.

Announcing sharply higher pre-tax profits for the year to December 31, 1989, Julian Ogilvie Thompson, chairman, said the group's foreign interests would be housed in a new Swiss company to be called De Beers Centenary, while its South African interests would continue to be held through De Beers. Lex, Page 20; Story, Page 21

MARKETS: Lead prices continued last week's strong advance on the LME. The premium for *cash metal over three-months* widened to £129.50 ($212) a tonne. Commodities, Page 32.

Lead



A rebound in the US bond market and dip in interest rates strengthened stock prices in New York, pushing up the Dow Jones Industrial Index 27.25 points to 2,676.80. The Nikkei average finished down 54.12 at 33,791.08. Paris was barely changed in light turnover, as bond prices weakened, with the CAC 40 index slipping 2.18 to 1,872.30. Frankfurt's DAX index fell 12.14 to 1,822.22 after a drop of 6.61 to 762.80 in the FAZ at midsession. Markets, Back page, Section II

PRESIDENT Bush's Administration does not believe any increase in German and Japanese interest rates need push up US rates. Page 6

EUROPEAN Commission will reach full-scale trade and co-operation agreements with all east European countries except Romania by the end of next month, its top negotiator forecast. Page 2

AEROSPATIALE, French state-owned aircraft producer, expects this year to agree on a joint helicopter-making venture with Daimler-Benz, West German cars to aerospace group. Page 3

POLISH privatisation plans took a step forward with the approval by the Government of a draft outlining the legal framework under which sales of state-owned companies will be able to take place. Page 3

BANK of Thailand governor, Mr Kamchorn Sathirakul, was sacked following a decline in relations between the central bank and Finance Minister Pramual Sabhavasu. Page 4

PATHE Communications, Hollywood film studio, has agreed to buy MGM/UA, Hollywood film and television studio, in a $1.9bn deal. Page 21

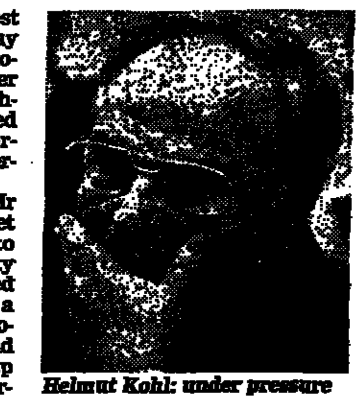
EUROPEAN telecommunications industry is to abandon a voluntary price-setting arrangement covering international leased telephone lines, following EC intervention. Page 20

SOUTH KOREA is to start importing Soviet enriched uranium to diversify its energy sources and promote trade with Eastern Europe. Page 6

TOYOTA, leading Japanese car maker, began its assault on the west European luxury car market with the launch in Switzerland of its Lexus saloon car. Page 22

Kohl drops demand linking borders to Polish war claims

By David Marsh and David Goodhart in Bonn



Helmut Kohl: under pressure

MR HELMUT KOHL, the West German Chancellor, yesterday backed down in the controversy over Germany's border with Poland as President Richard von Weizsäcker launched an appeal against an over-hasty merger of the two Germanys.

Mr Kohl's move came as Mr Mikhail Gorbachev, the Soviet leader, dealt a new blow to German hopes of speedy unity when he emphatically rejected membership of Nato for a united Germany and said Europeans had the right to demand a supervised step-by-step approach to bring the two German states together.

"We cannot give our agreement to this (Nato membership). It is absolutely excluded," he said after talks with Mr Hans Modrow, the East German Prime Minister.

Soviet leaders have repeatedly pressed for a unified Germany that would be neutral.

Mr Kohl, under pressure from coalition partners and public opinion overseas, waived his demand that a united Germany would only recognise Poland's existing western borders if Warsaw renounced all second World War reparation claims against Germany.

The Bonn move came as the two German states and the four former war-time allies prepared for their first formal talks on unity here next week.

It was given a cautious welcome by Poland and the Soviet Union.

Mr Gorbachev earlier welcomed that Mr Kohl appeared to have "corrected some of his positions" on the border issue.

US officials said yesterday that the March 14 meeting in Bonn would discuss the procedures for further substantive discussions.

Mr Kohl defused tensions in the centre-Right coalition which had built up after his surprise statement on reparations last week. After meeting with senior members of the government he said: "Mistakes were made on all sides, including by me."

Mr Kohl's climb-down coincided with a call from Mr von Weizsäcker for moderation from West German politicians over the unity question. He refused to say how quickly unity could take place and warned that it would have to be meshed with complex questions of disarmament and the security interests of Nato and the Warsaw Pact.

The President, in one of his strongest interventions in the increasingly emotional debate over unity, stressed that East Germany would need to bring its own values and history into a united state. He warned against the "one sided economic pressures" driving forward a merger and said that the Germans in East and West were united "not just exclu-

Continued on Page 20

Bonn tries to work out the hidden costs of unity, Page 2

Nissan chief attacks EC car import restrictions

By Kevin Done in Geneva

NISSAN yesterday launched the most outspoken attack yet by a Japanese car maker against attempts by European vehicle makers to maintain barriers against Japanese cars.

Mr Yoshikazu Kawana, president of Nissan Europe, said at the Geneva motor show that the European industry could "become competitive in world terms only after it also accepts competition in its home markets."

The issue of Japanese car imports and car assembly in Europe is one of the most sensitive issues still to be solved by the EC as it prepares for the creation of the single European market. A meeting of EC ministers on Monday again ended in disarray on the issue.

Several countries, including France, Italy and Spain, which have quotas on Japanese car imports, are seeking to prolong the protection of the European car industry for at least 10 years from 1993.

Leading European car makers such as Peugeot, Renault and Fiat, and some EC-member governments, are also calling for the inclusion of European-built Japanese cars in any future protectionist regime.

It was "in the interest of European industry to live with open markets," said Mr Kawana. The European industry needed a greater competitive edge to establish itself in markets where there was little or no indigenous vehicle production industry.

"The real battle will be fought on these neutral territories, where neither Japanese nor European manufacturers have a home advantage," he said.

Mr Kawana said that protectionism had always been self-defeating: "Protectionism never serves to gain competitiveness. I cannot think of any precedents in which protected corporations or industries increased their competitive edge and reigned supreme in the market."

Competition in an open market was "an absolute necessity" if European car makers were to become competitive with their Japanese rivals. The European industry, he said, still had "in some aspects to catch up with Japanese manufacturers."

The Japanese car market was now "fully open" with zero per cent tariffs compared with 10 per cent in the EC.

Nissan, the second largest

Continued on Page 20
Editorial comment, Page 18

Mitsubishi and Daimler consider joint ventures

By Stefan Wagstyl in Tokyo and David Marsh in Bonn

THE MITSUBISHI industrial grouping of Japan is in talks on possible wide-ranging technological and commercial collaboration with West German conglomerate Daimler-Benz.

Exploration by the two of possible ventures in the automotive, aerospace, electronics, and service sectors could represent the beginning of a significant international industrial alliance.

The greatest attraction for the Japanese partners could be the chance of fulfilling a long-cherished dream of entering the international aerospace industry. They could also enhance their access to European markets just as western Europe is on the verge of economic integration and eastern Europe is preparing for its reconstruction.

Daimler-Benz could secure greatly improved access to Japanese markets. Both sides could benefit from a marriage of Japanese strengths in electronics with German skills in mechanical engineering.

However, the talks are at an early stage and may not lead anywhere, as has been the case with some other much-heralded discussions in the past.

The four Mitsubishi companies involved – Mitsubishi, the trading corporation, Mitsubishi Motors, Mitsubishi Electric and Mitsubishi Heavy Industries – are among the core members of the Mitsubishi grouping of 160 companies, the largest in Japan. Daimler-Benz is West Germany's largest industrial group.

The collaboration plans were disclosed yesterday after a secret two-day meeting over the weekend in Singapore between the chairmen or presidents of the Mitsubishi companies, led by Mr Shinroku Morohashi, president of Mitsubishi Corporation.

Mr Edzard Reuter, chairman of Daimler-Benz, headed a German delegation which included the presidents of Mercedes-Benz, AEG, the electronics company, Deutsche Aerospace (DASA) the aerospace group, and representatives from the group's trading, financial services and information technology operations.

Daimler declined to be specific on actual areas for collaboration but said that the two sides had agreed to continue the talks. The German company said that "intensive co-operation" would improve the competitive positions of both in view of the complementary nature of activities.

GM picks Britain as site for engine plant

General Motors of the US has chosen Britain rather than West Germany as the site for its planned European engine plant. GM, the world's leading vehicle manufacturer, will build the 100,000-unit-a-year factory at Ellesmere Port in north-east England, where its British subsidiary Vauxhall has a car plant. Page 20

The Mitsubishi companies similarly declined to indicate the possible form that collaboration might take, but ruled out cross-shareholdings for the foreseeable future. One senior official said business deals were envisaged but not an exclusive relationship.

The companies said in a statement: "The talks were held to encourage mutual understanding and to explore potential for co-operation." The companies are already involved in some small joint ventures signed in 1988 and 1989 for Mitsubishi Motors to sell Mercedes-Benz cars and Daimler-Benz trucks and buses in Japan.

The new initiative started with an approach by Daimler-Benz to Mitsubishi Corporation last autumn. Mitsubishi said the weekend talks were a "far-reaching exchange of ideas" about ways to expand the relationship beyond the automotive industry.

"The areas explored included high-growth industries such as aerospace, electronics and the service sector that would benefit from development on a global scale and make effective use of the skills of both groups."

Even though both sides are big defence contractors, the defence industry is specifically excluded from the discussions. Japanese companies are barred by policy of the Tokyo Government from exporting defence equipment and from exchanging defence technology with foreign companies apart from those from the US.

Japanese commentators were quick to highlight the talks' potential significance and speculate on possible projects.

Japanese analysts said the joint development of jet engines could be high on both groups' agendas. There could also be co-operation in mobile telephones, television telephones and vehicle marketing.

Door to the west, Page 18

US urges more emphasis on private sector in E Europe

By Peter Riddell, US Editor, in Washington

THE US is pressing for a stronger emphasis on helping the private sector in the policy goals of the proposed European Bank for Reconstruction and Development to aid economic change in eastern Europe.

The US worry is that the bank could end up lending to state-owned enterprises and reinforcing the current industrial structure.

A senior Administration official in Washington said that discussions continuing this weekend in Europe will affect whether the US agrees to be a shareholder in the bank.

The probability is that for political reasons the US will decide to be a founding member to express its support for reform in eastern Europe. However, US officials are arguing their case strongly with the leading European countries and after talks in Europe 10 days ago they claim there is greater understanding of the issues.

The plan is that the bank will be capitalised at Ecu10bn ($8.3bn), of which 30 per cent would be paid in at the start with the US, Japan, West Germany, Britain, France and Italy each having 8.5 per cent stakes. The US has said it is willing to take a larger share, around 10 to 10.5 per cent.

Nevertheless, the dispute underlines the change in America's role since the late 1940s when, as the Administration official noted, the US set the terms and provided the money for the Marshall Plan. The new bank "reflected today's European realities," a French initiative and a European agency, "close at hand, knowing what's at stake."

The biggest US concern is that the bank should promote a market economy with emphasis on the private sector. The official said there was a danger of the bank offering infrastructure lending, dupli-

Continued on Page 20

Lithuania threatens to declare independence from Soviet Union

By Mark Nicholson in London

THE LITHUANIAN Parliament will meet next Monday and unilaterally declare the Baltic republic's independence unless Mr Mikhail Gorbachev, the Soviet leader, offers a compromise formula guaranteeing its right to self-determination.

The hastily convened meeting will come only days after candidates backed by the Sajudis nationalist movement secured a majority 88 seats in elections to the 141-member Lithuanian Supreme Soviet.

Elections to the republic's parliament took place on February 25 and second round elections, for seats where candidates failed to win an outright majority, were brought forward to last weekend to enable parliament to convene quickly.

Elsewhere in the Soviet Union, election run-offs will also be needed in the Ukraine, the Russian Federation and Belorussia on March 18 in seats where, at district, city and republican levels, the positions remain undecided.

Voters in numerous constituencies appear to have been baffled by the proliferation of candidates and an attendant lack of publicised information about them.

What decisive results there have been in the three republics show strong gains for reformist and nationalist candidates, notably in the Ukraine, where Rukh, the nationalist movement, said yesterday it planned to create an official opposition party.

Returns so far show it to be on course to win a quarter of seats in the republic's parliament.

In Lithuania, Sajudis has moved quickly to establish its new parliament to pre-empt the session of the Congress of People's Deputies in Moscow on March 12 – 13 which is expected to approve sweeping presidential powers for Mr Gorbachev, which nationalists fear would enable him to stall their independence plans.

However, Sajudis would be prepared to slow the independence process if Mr Gorbachev comes up with a compromise in the next few days, according to Mr Algimantas Cekuolis, a Sajudis and Lithuanian Communist Party Central Committee member. Mr Cekuolis said in an interview yesterday in London that Sajudis would prefer to reach an accommodation with Moscow over the republic's moves to independence, but that this must include Mr Gorbachev making a solid undertaking that the rights of the Lithuanian people to self-determination are inalienable.

He said if a compromise was reached, Lithuania would proceed to independence either through a step-by-step process over the next few months or by calling a referendum on the issue in June or July.

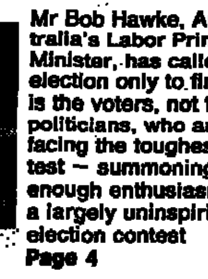
But he added: "If there is a slam of the fist on the table, then there will be no other solution than civil disobedience."

He revealed that the new Lithuanian Parliament planned "in the first week" to call for a seat at the UN, to establish a Lithuanian central bank and to outlaw conscription of Lithuanians to the Red Army.

Mr Cekuolis also revealed plans to create a convertible pan-Baltic currency.

CONTENTS

Australia's politicians face an unenthusiastic electorate



Mr Bob Hawke, Australia's Labor Prime Minister, has called an election only to find it is the voters, not the politicians, who are facing the toughest test – summoning enough enthusiasm for a largely uninspiring election contest

Page 4

MARKETS

STERLING
New York close
$1.646
London:
$1.6500 (1.639)
DM2.8075 (2.7925)
FFr9.4875 (9.4325)
SFr2.4750 (2.4575)
Y247.25 (245.50)
£ index 88.0 (87.7)

GOLD
New York: Comex Apr
$406.9
London:
$404.75 (403.25)

N SEA OIL (Argus)
Brent 15-day
$19.375 (+0.25)

Chief price changes yesterday: Page 21

DOLLAR
New York close
DM1.704
FFr5.7585
SFr1.5005
Y150.0
London:
DM1.7010 (1.7035)
FFr5.7500 (5.755)
SFr1.4995 (1.499)
Y149.80 (149.75)
$ index 68.0 (68.1)
Tokyo close: 149.50

US Lunchtime Rates
Fed Funds $8\frac{3}{16}$%
3-mo Treasury Bills:
yield: 8.16%
Long Bond:
$98\frac{17}{32}$
yield: 8.63%

STOCK INDICES
FT-SE 100:
2,216.0 (−14.5)
FT Ordinary:
1,745.7 (−9.9)
FT-A All-Share:
1,102.28 (−0.6%)
New York close
DJ Ind. Av.
2,676.8 (+27.25)
S&P Comp
334.31 (−0.35)
Tokyo: Nikkei
33,791.08 (−54.12)

LONDON MONEY
3-month Interbank:
closing 15 $\frac{1}{32}$ ($15\frac{1}{16}$)
Liffe long gilt future:
Mar $82\frac{1}{32}$ ($82\frac{12}{32}$)

Bonn tries to work out the hidden costs of unity

By David Goodhart and Andrew Fisher

FOR both political and psychological reasons it looks increasingly probable that East Germany will take over the Deutsche Mark at a 1:1 conversion rate, with some restriction on the conversion of savings to reduce the inflationary impact.

West Germany will then pick up the bill for the social and industrial fall-out when the "shock therapy" of suddenly moving to an open economy takes effect.

"The trouble is that nobody in Bonn knows how the East German economy will respond to such therapy," says Mr Heiner Flassbeck of the DIW economic institute in West Berlin.

Various guesses will be made in some of the papers being presented today by six sub-committees of the Bonn cabinet committee on unification. But they will not be able to speculate with any confidence.

What, for example, will happen to East German imports and exports? Will West German and other foreign goods come flooding in, or will prices be too high for workers receiving less than half West German wages? And will the Comecon countries, which receive 70 per cent of East German exports, still want those exports if they have to pay in D-Marks?

The West German Government has given the Soviet Union assurances about East Germany continuing to honour import and export contracts, but it is not clear in what currency or at what prices. This is a potential hidden cost of unity for Bonn.

More transparent is the decision to go ahead with the 1:1 currency conversion itself in the hope of reproducing the take-off achieved by the 1948 West German currency reform. As at least one-third of East German savings are reckoned to be "forced savings", because of the lack of decent goods, some care will need to be taken with the conversion. It is likely that people will be allowed to convert between 2,000 and 5,000 East German Marks into D-Marks at once with the rest frozen until the East Germany economy picks up steam.

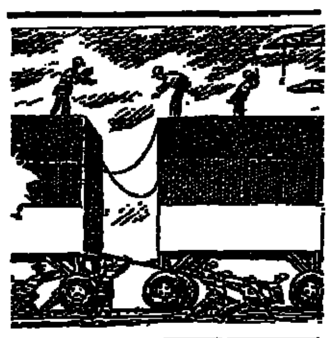
More uncertain is the bill for the start-up costs for a West German-style social welfare system. Mr Richard Zimmer, an official at the Bonn Labour Ministry, snorts at the figure produced by Dresdner Bank – about DM25bn (£9bn) a year to support a proper unemployment (DM15bn) and pension system (DM10bn) – as being much too high.

He says there are too many imponderables, from unemployment to price levels, to speculate publicly about the ministry's own cost figure.

Currently, the social insurance and pension system is run by the official trade union, the FDGB, which receives about 45bn Marks a year for it, of which less than 40 per cent comes from the contributions. Unemployment began to be paid for the first time last month at the rate of 500 Marks a month, the average monthly pension is 400 Marks.

Mr Zimmer says increasing contributions from about 6 per cent of wages to over 10 per cent will be made less painful by the fact that East German workers will receive between a third and a half of average West German pay and will therefore pay virtually no income tax after unification.

The Finance Ministry estimates the cost of German division at DM40bn a year – roughly half from the money that is pumped into West Berlin. Those costs will not all disappear quickly, even after unity, but some will.



ROAD TO UNITY

The first sign that West Germany's planned reduction in corporate tax levels may be a victim of the cost of unifying with East Germany came yesterday in a report from a group of academic advisers to the Bonn Finance Ministry, writes David Goodhart.

The report says that recent political developments have reduced the room for manoeuvre for a net reduction in corporate tax. German corporate tax levels are among the highest in the world, although they are qualified by some favourable tax breaks.

A cut of about DM25bn had been planned for some time in the next legislative period.

The Bonn Government has so far been shy about admitting that taxes may have to rise to pay for unity. Recently Mr Norbert Blum, Employment Minister, suggested that taxes might have to rise, but after pressure from cabinet colleagues he withdrew the statement.

Right: a boy reads East German election posters in the village of Trebbin, near Potsdam.

Soviet parliament approves reform of property laws

THE Soviet parliament yesterday approved a broad range of new property laws, a vital plank of President Mikhail Gorbachev's economic reforms and a reversal of decades of rigid practices, Reuter reports from Moscow.

In a five-hour, often heated, debate the lawmakers approved a fundamental law on property authorising small-scale private ownership of factories but barring exploitation of workers.

The legislation moves beyond a government proposal introduced last month and could open the way to Western-style private property ownership, traditionally taboo in communist states.

By a vote of 350 to three, with 11 abstentions, the Supreme Soviet, or standing parliament, established the equality of all forms of property in the Soviet Union.

Passage of the bill, which begins dismantling the state's virtual monopoly on most forms of property ownership, was seen as crucial to the economic reform package.

The new law pointedly avoids the term "private property", referring instead to "citizens' property" to cover the ownership of capital goods, such as tractors and farm equipment. Properties such as small factories, restaurants and hairdressers can now be privately owned.

A companion bill, passed last week, bars private ownership of land but sets down broad provisions for leasing.

"This is a big step forward. This establishes the pluralism of property ownership," said radical deputy Alexei Yablokov. He said he and his fellow progressives were disappointed the bill did not specifically refer to "private property" but noted the new law was the next best thing.

A Western diplomat, who follows the issue closely, said after the vote that the question of private property had now been effectively broached. "Now it is just a question of magnitude – from small-scale to whatever the future brings. This is private property by another name," he said.

Britain attacked over dumping proposals

By John Hunt, Environment Correspondent, in The Hague

BRITAIN'S proposals for cleaning up the North Sea were strongly criticised last night by Mrs Hamja Maij-Weggen, the Dutch minister who will chair the Third North Sea Conference which opens in The Hague today.

In a brief meeting with Mr Chris Patten, Britain's Environment Secretary, she made it clear that the deadlines he has proposed for the phasing out of Britain's dumping of sewage sludge and industrial waste in the North Sea are too late.

The UK is the only one of the North Sea countries still dumping these types of waste in this way.

She urged him to come up with improved proposals at today's conference and warned that his package was unlikely to satisfy the other seven North Sea countries.

Mrs Maij-Weggen, who is Dutch Minister of Transport and Public Works, said she was "very unhappy" with Britain's offer to end the dumping of sewage sludge by 1998.

Mr Patten made his proposal on Monday in an attempt to avert criticism of Britain as "the dirty man of Europe" at the two-day conference.

After her meeting with Mr Patten last night, Mrs Maij-Weggen said: "I believe he will think about this point I made to him and maybe tomorrow he will come up with a more positive answer."

She said he had told him it was a matter that would be "criticised very much by all the other countries." She felt that sewage sludge dumping should cease as soon as possible.

The UK is also the only state still dumping industrial waste - mostly from chemical processes - in the North Sea. It was recently announced that Britain would phase this out by 1992 but that two dumping licences, for ICI and Sterling Organics might have to continue into 1993. These two licences account for more than half the industrial waste put into the North Sea.

The Dutch Minister conceded that this was a move in the right direction for Shakespeare's "precious stone set in a silver sea."

But it was still too late. However, she was pleased that Britain had agreed to stop incineration at sea by the end of this year, four years before the agreed deadline.

Mr Patten said in The Hague last night that he hoped that Britain's earlier deadlines for the ending of dumping would be well received by the others at the conference. He recognised their concern over sewage sludge dumping but Britain treated more sewerage sludge than the other North Sea countries with the exception of Germany.

At the conference he will urge the other states to deal with the disposal of toxic waste within their own boundaries and cease sending it abroad for treatment. This is part of the initiative that is already started with the EC and the OECD in an attempt to end the import and export of toxic waste for treatment between the industrialised nations.

Background, Page 8

Czechoslovakia sets date for elections

THE CZECHOSLOVAK Parliament yesterday set the date for the first free elections in more than four decades for June 8-9 this year, AP-DJ reports from Prague.

"The presidium of the Federal Assembly declares the elections to the Federal Assembly on June 8 - 9," said CTK, the state news agency.

After more than 40 years of Communist monopoly of power, Czechoslovakia's peaceful revolution toppled the hard-line leadership of Mr Milos Jakes late last year, paving the way for elections.

East Europe deals with EC expected by May

By David Buchan in Brussels

THE European Commission will reach full-scale trade and co-operation agreements with all East European countries except Romania by the end of next month, its top negotiator forecast yesterday.

Mr Frans Andriessen, the EC external affairs commissioner, said the agreement with East Germany would be initialled next Tuesday – even though elections the following Sunday may make it the world's shortest-lived trade deal – and basic agreements would be reached with Bulgaria and Czechoslovakia in time for the special Community summit in Dublin on April 28.

The EC Commissioner said that if the East German agreement was ready for initialling – formal signature requires Council of Ministers approval – there was no reason for delay, even though he conceded that the current East Berlin Government was likely to disappear after the March 18 poll. The agreement, similar to that struck or being struck with the Soviet Union and Bulgaria, would remove all import quotas on East German goods by the end of 1995.

The acceleration in trade diplomacy between the two halves of Europe was underscored by Mr Andriessen's prediction of a full trade and co-operation agreement by next month with Prague, only a day after EC foreign ministers gave him a mandate to renegotiate the narrowly-based industrial accord reached in 1988. At the head of the queue for EC trade favours are Poland and Hungary, for which most quotas have already been removed this year.

By contrast, Mr Andriessen said negotiations were moving "rather less smoothly" with Romania, whose "actual government is more of a caretaker than others in the area".

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PUBLIC ANGRY OVER SECRET FILES

Swiss to tighten controls on security police

By William Dullforce in Geneva

THE SWISS federal Government, confronting public furore over the "Kopp Affair" and the uncovering of secret police files, has promised to table a new law on state security which would put the activities of the security police firmly under the control of parliament.

The commitment came after about 30,000 Swiss demonstrated in protest against the secret files in front of the federal parliament in Berne on Sunday and voters elected a Socialist-Green majority to the city council in Zurich, the country's banking and business capital.

Mr Arnold Koller, the Swiss President, who has held the justice portfolio since the forced resignation of Mrs Elisabeth Kopp, said the Government understood and shared the consternation of the thousands of Swiss citizens who had discovered that they had been "watched, suspected and registered" for exercising their democratic rights.

He spoke during a debate on the report of the parliamentary commission which discovered 900,000 secret files on Swiss citizens and foreigners in federal police archives during its investigation into the federal prosecutor's office and the Justice Ministry after the resignation of Mrs Kopp. Mrs Kopp was acquitted last month by the Swiss supreme court of a charge of breaking official secrecy by informing her husband about an investigation into a drugs money case.

More files on people's political activities and travels have since come to light in the justice and defence ministries.

Mr Koller said all the files which did not concern terrorism, espionage or organised crime would be removed from the police and consigned to the care of a person independent of the federal administration. People would be able to obtain photocopies of the files on themselves.

The Government is calling in a consulting agency to help it re-organise the public prosecutor's office, which is responsible for the federal police.

Elisabeth Kopp: acquitted on secrecy charge

However, the Swiss centre and right-wing parties, which lost control of the Zurich city council on Sunday, had partial success yesterday in dampening parliament's reaction to the secret files disclosures, which have shaken public confidence in their long-standing administration of the confederation.

A Socialist motion to do away completely with the federal police was defeated. A large majority of parliamentarians accepted Mr Koller's argument that, like any other state, Switzerland needed protection against espionage, terrorism and organised crime.

Mr Koller's conciliatory line towards public indignation has not won the full approval of the police, however. Their trade union has asked for the rehabilitation of Mr Peter Huber, the federal police chief and head of the militia army's security service, who was sent on extended leave after the discovery of secret files in the defence ministry.

Mr Huber, who had on several occasions suggested to his superiors that the files be "cleaned up", was being made a scapegoat for the mistakes of the politicians, a spokesman for the Swiss association of police officials said.

Italy's Communists duck the Wall's debris

Special congress will pull the PCI out the way — or help bury it, writes John Wyles

UNTIL the fall of the Berlin Wall last November, *La Cosa* (The Thing) was a new line in motor scooters manufactured by Piaggio. It now dominates the Italian political vocabulary, not as a means of motorised transport, but as a vehicle of still uncertain capacity for carrying the *Partito Communista Italiana* out of the opposition ghetto in which it has dwelt for more than 40 years.

La Cosa is the brainchild – his critics have said brainstorm – of the PCI leader, Mr Achille Occhetto. By the weekend it should have acquired the embryonic shape of a new political party, sanctioned by the PCI special congress opening in Bologna today, whose ideology and name will be determined in the coming months.

As an exercise in political risk the project has no equal in post-war Italian politics, since the fractures which have already opened in the communist movement could easily alienate many of the 10m voters who rallied to the hammer and sickle at the last general election in 1987.

However, for Mr Occhetto, there is no alternative to the exercise he sprang on his unsuspecting party during that extraordinary weekend last November when the world watched the events in Berlin with such disbelief. His vision of "a new, large and reformist political formation" in Italy that would offer an alternative to nearly 45 years of Christian Democrat governments is an attempt to create a political phoenix from a party which is otherwise destined to languish in the ashes of discredited communism.

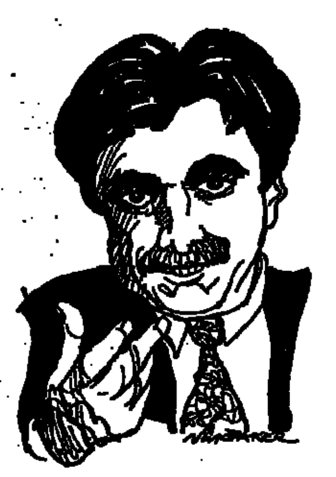
Since he took over in the summer of 1988, Mr Occhetto had sought by more gradual means to prod his party out of the stale, bureaucratic sclerosis which, together with social changes in Italy, had caused its vote in general elections to tumble since 1976 from 34.4 per cent to 26.9 per cent.

But it was the sudden collapse of the despotic Eastern European regimes and the transformations taking place in Mr Mikhail Gorbachev's Soviet Union which prompted him to force the pace. The imminent danger was that the Italian party would be left like a beached whale, proclaiming in its dying anguish to be the only bearer of true communist ideals, and without a single credible ally in either eastern or western Europe.

However, this is not a prospect which appears greatly to alarm the 34 per cent of the party which is bitterly opposing the Occhetto strategy. In provincial congresses and sectional meetings attended by about 400,000 of the PCI's 1.4m members, a 65.8 per cent majority has proved ready to leap in the dark with Mr Occhetto.

Mr Occhetto's most significant adversaries are the 75-year-old veteran Mr Pietro Ingrao and the PCI's former leader, 72-year-old Mr Alessandro Natta, whose proposals for renewal, not dissolution, of the party are supported by 30.8 per cent. A smaller, recidivist hard core of the former Stalinist left, led by Mr Armando Cossuta, has drawn 3.4 per cent.

The Ingrao-Natta axis has anathematised Mr Occhetto for dividing the party with a vague, ill-prepared proposal which, they allege, seeks to abandon both communist ideals and the party's proud history, including its two decades of independence and *dissociation from both eastern* European and Soviet communism.



● Achille Occhetto: attempting to create a political phoenix from a party which is otherwise destined to languish in the ashes of discredited communism

The PCI left is not wrong. Mr Occhetto has not hidden his desire to see the abandonment of old ideological wrappings, but he has so far had little to say about which new groups and social forces he expects to rally to his new party. His opening speech to the congress today will need to be much more specific if he is to begin to convince public opinion at large, let alone an anxious rank and file, about the viability of his project.

His aides – that group of 40-year-olds regarded with intense suspicion by the old guard – believe that a party free of its communist shackles and *committed to promoting* democratic procedures and social equality will attract support not only from radicals, environmentalists and women but also from middle class professionals and Roman Catholic groups for whom the PCI has been clerically and ideologically forbidden terrain.

In the absence of any commitments from the political forces it hopes to attract, including Mr Bettino Craxi's Socialists, the only external crumb of comfort for the PCI leadership has been the formation of a group of Occhetto supporters clubs around the country. These have signed up about 3,000 non-PCI members who include industrial managers, university teachers, a leading figure in Italian public relations and one of Sicily's most famous anti-Mafia Jesuits, Father Ennio Pintacuda.

Mr Occhetto should secure his majority in Bologna for opening what he calls "a constituent phase" which will see *the definition in the coming* months of the new party's political principles and the choice of a name. The formal launch would then take place at another congress before the end of the year.

The current, rather ominous, signs are that the new party may be a less disciplined version of the British Labour Party circa 1980-83.

The majority, led by Mr Occhetto, will want to govern, while an influential Marxist left will refuse to compromise the purity of positions on defence and economic management which will be incapable of attracting broader support in the country.

In an interview with the Financial Times, Mr Ingrao *said he wanted a campaign* which would pull Italy out of the North Atlantic Treaty Organisation after US bases were first removed from the country. A motion along these lines has been adopted at more than one sectional conference, most recently in Milan, and has the full backing of the Young Communist Federation.

It is far from easy to see how such opinions can coherently co-exist with the moderates headed by Mr Giorgio Napoletano, the PCI's "foreign minister", who is a byword for his social democratic convictions and for his desire to build bridges with Mr Bettino Craxi's Socialist Party.

Since Mr Ingrao is determined not to walk out of the new party, but rather to fight for his line, and Mr Occhetto wants to avoid a schism, the outlook would seem to be one of damaging internal warfare lasting years rather than months.

Asked last week for whom the bell was tolling, Mr Occhetto replied that "it is not a bell of death but of a new beginning".

Creating a new non-Communist party without suffering a serious haemorrhage of old communist support is a political task as difficult as any being faced in eastern Europe. If it is not a new beginning, it could be the beginning of the end.

Aerospatiale expects helicopter deal with Daimler-Benz

AEROSPATIALE, the French state-owned aircraft producer, expects this year to agree on a joint helicopter-making venture with Daimler-Benz, the West German cars to aerospace group, William Dawkins writes from Paris.

Aerospatiale officials say the helicopter negotiations, going on since 1987, have been given a fresh push by recent indications from the West German Government that it is prepared to participate in a separate European programme to build a tactical transport helicopter, code-named the NH90, for marine and army use.

The French Government had set West German participation in the NH90 project as the condition for a merger of the helicopter operations of Aerospatiale and Daimler-Benz. "We now think we should finish negotiations this year," said Aerospatiale.

The pair had combined helicopter sales of $1.3bn (£800m) in 1988, which would make them the world's second largest producer after Sikorsky, part of United Technologies of the US, with $1.6bn turnover.

Aerospatiale is currently the world's fourth largest producer, while Daimler-Benz's aerospace subsidiary, Messerschmitt-Bölkow-Blohm (MBB), has helicopter sales of $256m, making it the eighth.

This is the latest international alliance involving a French company since the French Government gave the go-ahead early this year to the formation of a missile group by Thomson-CSF, the state-controlled electronics group, and British Aerospace, which will create Europe's largest cross-border defence equipment venture.

The French company feels Europe does not need four producers, Aerospatiale, MBB, Augusta of Italy and Britain's Westland, at a time when defence spending is being squeezed, intensifying the competition with larger US concerns such as Sikorsky and Bell Helicopter Textron.

Aerospatiale estimates it has 30 per cent of world helicopter sales, excluding the US military market and the Soviet Union, which it considers closed markets. MBB would bring their combined share to just over 37 per cent, by Aerospatiale figures. The pair are already collaborating on the development of the Tiger army attack helicopter.

Draft plan to sell Polish state companies

By Christopher Bobinski in Warsaw

POLISH privatisation plans have taken a big step forward with the approval by the Government of a draft outlining the legal framework under which sales of state-owned companies will be able to take place.

The entire process is to be monitored by parliament, in a concession to fears that earlier drafts left too much power in the hands of a government agency which is to be charged with choosing and then selling state companies.

Parliament will approve the overall value of state-sector enterprises to be sold year by year.

The legislation, which has yet to go through parliament, foresees however that decisions on which companies are to be privatised are to be left in the hands of the agency, which will be empowered to turn enterprises into 100 per cent state-owned joint stock companies, and then to dispose of the shares in an open sale.

Foreign investors are to be allowed to buy up to 10 per cent of the shares on sale in any company, but a bid for a more substantial stake will require permission from the head of the privatisation agency.

Repatriation of profits, however, is still to be conducted under a cumbersome formula covering existing joint ventures, where the difference between hard currency exports and imports plus a 15 per cent share of any dividend can at present be transferred.

The Government has a number of companies in mind for privatisation, but the list of the 10 or so which will be first is being kept a secret until the laws make their way through parliament.

The legislation will come in for criticism in parliament from supporters of Employee Share Ownership Schemes (ESOP), who argue that the upper limit on the sale of no more than 20 per cent of the shares to employees of privatised plants ought to be lifted if ESOPs are to become a reality.

Afghanistan coup attempt reflects deep split in ruling party

By Robin Pauley, Asia Editor

THE attempted coup yesterday against President Najibullah's regime in Kabul exposes the deep divisions within government, opposition and armed forces which have been simmering just beneath – and sometimes just above – the surface for many years. The only surprise is that they took more than a year after the Soviet withdrawal from Afghanistan to explode.

The leader of the coup attempt was apparently Gen Shanawaz Tanai, the Defence Minister. He is 40, has a distinguished military record and rose quickly to the top during operations against the mujahideen during the Soviet occupation. A rapid deployment force was put together in 1983, the key element of which was Tanai's 37th Commando Brigade whose finest hour came later that year when it went into the city of Khost by helicopter and prevented the city from falling. By 1986 he had become a major general in charge of general staff. He was appointed defence minister in 1988.

The ruling People's Democratic Party of Afghanistan comprises two bitterly opposed factions – the Parcham (flag) group, supported by students, intellectuals, and the predominantly Tajik professional classes, and the Khalq (masses) group, popular among the working classes and, crucially, the armed forces, particularly the air force.

President Najibullah and the majority of his government are Parchamis; Tanai is a Khalqi. The coup attempt appears to be Khalqis trying again to wrest power from the Parchamis and the level of fighting reported among the armed forces suggests major splits of loyalty. Reports that planes bombed and strafed President Najibullah's palace suggest the air force remains strongly Khalqi in its loyalties.

Before, during and after the Soviet invasion the main preoccupation of the PDPA government, apart from fending off the mujahideen, has been to try to keep the two factions together. President Najibullah lost no time yesterday in naming another Khalqi, Lieutenant General Mohammad Aslam Watanjar, the Interior Minister, to succeed Tanai. Watanjar, a Pushtun from Paktia, is a former chief of staff and has been defence minister before, in 1979.

Since the Soviet withdrawal in February 1989 the mujahideen resistance has had similar unity problems to the PDPA, its field commanders and the seven main resistance parties based in Peshawar, across the border in Pakistan, all disagreeing on strategy to take control of Afghanistan. Gulbuddin Hekmatyar, the most extreme fundamentalist of the seven leaders, was reported yesterday to be supporting the coup attempt and to have been in contact with the coup leaders.

As Hekmatyar is the most extreme of the Moslem leaders, this alliance with a communist faction would appear to be purely opportunistic and, had the coup succeeded, it is unlikely that it would have survived long.

Peres to bring peace plan row to a head

By Eric Silver in Jerusalem

ISRAEL'S Labour Party yesterday rejected conditions set down by Likud for taking part in US-sponsored peace talks with Palestinians, threatening a break-up of the national unity government.

Mr Shimon Peres, Labour leader and Vice-Premier, summoned his ministers to discuss Likud's insistence that Arabs living in East Jerusalem be barred from any elections and that the Palestinian Liberation Organisation, even by proxy, be excluded from talks.

Proposals outlined by Mr James Baker, US Secretary of State, and supported by Egypt, offer a compromise formula on the make-up of the Palestinian delegation to preliminary peace talks. The Palestinians insist that East Jerusalem and exiled Palestinians must be included. Israel rejects both, arguing that the agenda is restricted to the procedures for holding elections in the occupied territories.

Washington tried to satisfy both sides by suggesting that one or two Jerusalem people with second homes on the West Bank should be nominated, along with one or two deported activists.

Labour has vowed to leave government if Likud blocks progress towards Israeli-Palestinian peace talks based on the US proposals.

The crisis in the coalition is expected to reach a climax today, when the US peace proposals are debated in the 12-man inner cabinet.

"There is no reason to delay," Mr Shimon Peres, the party leader, said yesterday.

Mr Yitzhak Rabin, his number two, the Defence Minister, was equally emphatic: "I see an urgent need to hold a cabinet meeting and take a decision tomorrow. Then we'll see who wants peace and who does not." Mr Rabin had earlier been reluctant to bring the quarrel to a head. Labour last month had set today as a deadline for accepting the American formula. The ministers resolved last night to await the result of today's meeting before deciding their next step.

The inner cabinet is divided equally between the two parties. Labour insisted that the issue be brought to a vote today. Mr Yitzhak Shamir, the Likud Prime Minister, agreed that it would be discussed, but did not commit himself to an immediate decision.

Likud argues that the US formula is the thin end of a wedge that would lead to a Palestinian state and the loss of East Jerusalem, which was annexed by Israel after the 1967 war.

Japanese confidence dips slightly

JAPAN'S economy is still growing at a strong pace, with the diffusion index, which measures corporate confidence in future business prospects, for leading manufacturing companies showing 52 in February against 53 in November, Reuter reports from Tokyo.

Japanese prices are stable but bear careful watching, because there is potential upward pressure from the weaker yen and extremely tight labour conditions, a Central Bank official said, commenting on the central bank's quarterly survey of Japanese companies. The survey covered 7,509 companies for the report.

Companies overall expect average growth in capital investment in the year ending March 31, 1991 of 6.1 per cent, down from a predicted 15.6 per cent in the 1989/90 year, he said.

The official said the one point drop in the index was mainly due to a slackening of activity among limited numbers of industries such as steel and chemicals, but there is no sign of slowing in the economy.

The labour shortage is the worst in 16 years and the resulting tightness in the labour market affects almost all industries except for electricity and gas, he said.

Slowdown calms S Korea labour relations

After three years of unrest, unions look set to take a breather, writes John Ridding

AS SOUTH Korea prepares for a more peaceful spring wage round than those of the past three years, businessmen are asking whether this reflects an underlying improvement in industrial relations or merely the poorer performance of the economy.

From the Government to the Federation of Korean Trade Unions and labour activists, forecasts are for more peaceful negotiations and a lower level of wage demands.

But all emphasise the continued fragility of industrial peace resulting from an immature system of industrial relations.

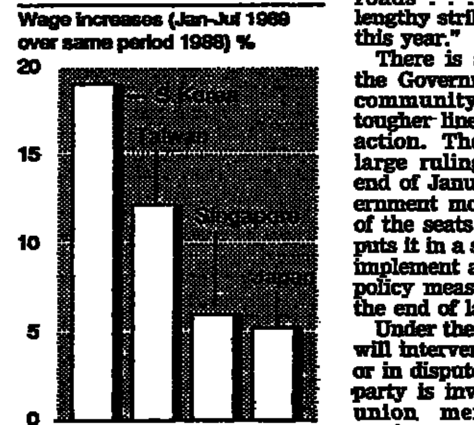
Much of the reason behind the more optimistic outlook is to be found in the impact of the labour unrest last year. The 1,550 strikes, while a lower number than in 1988, were of longer duration and analysts estimate that lost production amounted to almost 3.5 per cent of gross domestic product.

In conjunction with high wage awards, typically more than 20 per cent, the strikes were one of the main factors in the near halving of the growth rate to 6.5 per cent.

"The slowdown in the economy has reduced public support for strikes and high wage claims," says a senior official

S.Korea

Wage increases (Jan-Jul 1989 over same period 1988) %



Source: Korea Labour Institute

at the FKTU, which has a membership of 1.7m, about 23 per cent of the industrial workforce. The FKTU has reduced its wage guidelines from the 27 per cent increases it recommended last year, although the 17 to 20.5 per cent range it prescribes for 1990 is still well above the level sought by the Government and employers.

A former labour activist who has set up a labour counselling centre says: "The Government has been successful in putting forward its claim that the economy is in crisis and at a crossroads . . . I don't think lengthy strikes will be possible this year."

There is also a feeling that the Government and business community will pursue a tougher line against industrial action. The formation of a large ruling coalition at the end of January gives the Government more than two-thirds of the seats in parliament and puts it in a stronger position to implement a set of new labour policy measures announced at the end of last year.

Under these measures, police will intervene in illegal strikes or in disputes in which a third party is involved. In addition, union members will not receive pay for the period during which they undertake industrial action.

According to the Ministry of Labour, there have been 38 strikes so far this year, compared with 169 for the same period last year.

Mr Kang In Koo, assistant secretary of the FKTU, believes there has been an improvement in the conduct of industrial relations. "Management has changed its attitude towards unions", he says. "Before, they wanted no unions in their companies and lockouts and mass sackings were common. But most now accept the reality of trade unions."

The unions too are less prone to sudden action. "Before, they just felt that a strike was the best way of getting what they wanted," says Mr Kang. "But most local unions have a better understanding of the negotiating process and are coming to regard strikes as the last resort."

S KOREAN STRIKES

Year	Average duration (days)	Production lost (billion Won)
1987	5.4	2,788
1988	14.9	3,209
1989	18.5	4,290

Source: Korea Labour Institute

Despite this progress, however, there is still a long way to go. Samsung, South Korea's largest company, still refuses to recognise trade unions.

Meanwhile, new labour groups are emerging to challenge the monopoly of the FKTU. Chonnohyop, which was formed earlier this year, draws support from more radical groups and is attempting to develop a broader appeal.

There is disagreement about how the structure of industrial relations should evolve. The FKTU, which claims to have the backing of the Government, is calling for industry-wide wage negotiations, similar to the system in West Germany or Sweden. This has the advantage of eliminating competing wage claims from unions in the same sector, hence reducing a source of cost-push inflation.

However the economy is dominated by large conglomerates which compete directly in most industries and are unlikely to co-operate in pay negotiations.

Mr Park Young Bum, a fellow of the Korean Labour Institute, believes enterprise-based unions, similar to those in Japan, may be more appropriate. He argues that they would provide the flexibility necessary for the structural adjustment and increased automation which Korean industry needs to implement.

Until these questions are resolved and the process of negotiations is better established, "any improvement will result from the downturn in the economic cycle and a tougher government line", argues one analyst. "It will not represent a permanent solution of South Korea's industrial relations problem."

Hong Kong passes draft Bill of Rights

By John Elliott in Hong Kong

A CONSULTATIVE draft of Hong Kong's proposed Bill of Rights was approved yesterday by the colony's executive council and is expected to be published at the end of next week.

The bill is intended to protect basic liberties after 1997 when Hong Kong reverts to Chinese sovereignty. China does not recognise international human rights conventions but has agreed that the conventions should be written into Hong Kong's post-1997 Basic Law.

The UK and Hong Kong governments decided last year to go a stage further and spell the rights out in a separate bill, but they have had to abandon attempts to entrench the legislation and make it supreme above all other laws. This is partly because China insists the Basic Law is supreme.

Provisions approved by the executive council yesterday include a requirement for the attorney general to issue a certificate saying whether a new law is or is not in line with the bill. Lawyers and judges responsible for drafting new and developing case law will also be encouraged to take the Bill of Rights into account.

● Hong Kong's attorney general's department yesterday won a victory in its legal battle with Mr Ronald Li, former chairman of the colony's stock exchange, when the Court of Appeal overturned a High Court decision that two corruption charges brought against him should be discharged.

Three appeal court judges yesterday unanimously decided Mr Li should go for trial by jury in the High Court. The two charges allege he accepted preferential allocations of shares in Cathay Pacific Airways and Novel Enterprises during share issues in 1986 and 1987, in return for granting listing or dealing permission.

Enrile freed on bail in Manila

MR Juan Ponce Enrile, the Philippine opposition leader, facing rebellion and murder charges, was freed on bail yesterday after the Supreme Court granted a petition for his temporary release, Reuters reports from Manila.

The Supreme Court ordered Mr Enrile freed on bail of 100,000 pesos (£2,800), rejecting a government plea that he was a threat to the state. Ten judges voted in favour, and four opposed the bail petition.

Mr Enrile has been charged with rebellion coupled with murder following his alleged role in a December attempt to remove President Corazon Aquino from office. He was freed pending a Supreme Court decision on the validity of the charges against him.

Mr Enrile, a prominent lawyer and businessman, was defence minister for 17 years until Mrs Aquino sacked him in November 1986.

Concern as India's budget deficit rises

By K.K. Sharma in New Delhi

INDIA'S central bank has commented on a sharp rise in the budget deficit in 1989-90 and the expectation that expenditure will be substantially more than estimated.

The Reserve Bank of India, a fortnight before the new government is to present its first budget to Parliament, said in a report on currency and finance that the high budget deficit "is an area of concern for the monetary authorities."

The planned deficit of Rs73.37bn (£2.7bn) had almost doubled to Rs142.06bn by January 12, and there was an increase in net Reserve Bank credit to the government by an equivalent amount. The Reserve Bank, which the government has promised greater autonomy, said the high deficit was generating excess liquidity in the economy which was exerting pressure on prices.

The main reasons for the rise in the deficit were pre-election employment schemes announced by the Rajiv Gandhi government, higher subsidies for exports and fertilisers, a comprehensive crop insurance scheme and defence expenditure.

The Reserve Bank report also points to pressures on the balance of payments. Despite a vigorous rise in exports by more than 30 per cent between April and December last year, India's foreign exchange reserves fell by Rs12.97bn.

The reserves, Rs57.43bn at the end of 1989, would pay for two months of imports. The Bank calls for measures to rebuild them. "The balance of payments is under considerable pressure and the present low import cover of reserves does not provide much cushion for meeting unforeseen contingencies," it says.

The Bank does not think a change in the policy of import liberalisation is necessary but feels that certain cuts in imports are needed.

It calls for a closer look at bulk imports (like crude and petroleum products) as well as maintenance imports. It also suggests possibly restricting imports of raw materials and components which go directly to increase inputs for the production of consumption goods. On capital goods imports, it says the aim should be to absorb the technology they contain rather than continue repetitive imports.

On overall macro indicators, the report anticipates a rise of about 4. 5 per cent in real GDP in 1989-90 despite the slow growth in industrial production in the early part of the year. This has been compensated by a satisfactory performance by agriculture. The report expects the target of 175m tonnes of foodgrains to be achieved.

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Thailand's central bank governor sacked

By Peter Ungphakorn in Bangkok

THE governor of the Bank of Thailand, Mr Kamchorn Sathirakul, was sacked yesterday following a decline in relations between the central bank and Mr Pramual Sabhavasu, the Finance Minister.

Surprised bankers, economists and officials reacted with mixed feelings. They approved of his replacement, Mr Chavalit Thanachanan, the widely-respected deputy governor, who has spent most of his career in the central bank. But the sacking also raised concerns about the way the Finance Minister has tried to dictate to the bank, considered one of Thailand's most respected agencies.

They were also shocked by the harsh treatment of Mr Kamchorn, 56, who has not been offered a new position. Those critical of the mild-mannered former governor's professional performance, nevertheless consider him to be honest and well-meaning.

In a crisis meeting in January that only came to light at the end of February, 10 senior Bank of Thailand officials pleaded with the governor to be more decisive. Among their complaints was Mr Kamchorn's failure to press strongly for lending rates to be raised last year. Central Bank officials felt the move, although strongly opposed by the Finance Minister, was necessary to curb inflation and that the governor should have been more persistent. The rates have still not been raised.

General Chatichai Choonhavan is believed to have intervened in an attempt to revive the effectiveness of the bank. He reportedly made sure that Mr Chavalit was appointed instead of a more controversial outsider favoured by the Finance Minister.

However, the Central Bank still faces an uneasy year. Mr Chavalit may only the fill the post for some months as he is due to retire in September, although his tenure might be extended. If conflict continues with the Finance Minister, the authority of the bank could continue to be undermined.

Mr Kamchorn was appointed in 1984 after his predecessor's refusal to remove a credit squeeze and to devalue the currency incurred the displeasure of the minister at the time.

Unrest threatens austerity programme in the Ivory Coast

By Mark Huband in Abidjan

TWO weeks of violent unrest in the Ivory Coast are presenting the first big test of the Government's ability to introduce reforms in the face of economic crisis.

The slump in world market prices for Ivory Coast's cocoa and coffee and the austerity measures the Government is attempting to introduce to surmount the crisis, have led to a rare outbreak of rioting.

Amid the demonstrations, President Felix Houphouët-Boigny last Monday announced public sector salary cuts of between 15 and 40 per cent, as well as tax increases. In response civil servants came out on strike last Friday, and delicate negotiations with the civil service unions broke down.

Student protests erupted on February 19, after three days of power cuts and water shortages at the university halls of residence in Abidjan. Hundreds of students took to the streets, demanding scholarships which had been unpaid for up to four months and insisting on cuts in the cost of university meals and accommodation. Students had been forced to rely on their families, increasing pressure on farmers many of whom have been unpaid for up to a year because of a slump in world cocoa prices.

Leaders of the official students union, the MEECI, attempted to defuse the protest, but in doing so alienated themselves from large numbers of the Ivory Coast's 20,000 student population. Criticism of the MEECI has since led to demands for an independent union, which has in turn fuelled demands for a multi-party state, broadening the protests still further.

The Government last week acceded to the financial demands of the students but closed Abidjan University and all secondary schools in the city. Students were believed to be planning protests to coincide with a meeting of the country's ruling body, the National Council, where a final announcement on the tax cuts was to have been made.

But a measure of the gravity of the crisis is that the meeting has been cancelled four times since last Monday. This is due mainly to the demands by official trade unions for more talks on the scale of the salary cuts.

President Felix Houphouët-Boigny: multi-nationals to blame

Plans to cut the cost of government were agreed in July 1989, after lengthy discussions with the World Bank and the International Monetary Fund. A four-year recovery programme drawn-up then, resulted in loans of $819m from the Paris and London Club official and commercial creditors, France, the World Bank, the IMF and donor countries known collectively as the Friends of the Ivory Coast.

Debt rescheduling talks with the London Club of private creditors are still under way, and will lead to the restructuring of commercial debts and new money repayments to the end of 1990, representing in all $296.1m. However, the Government agreed that it would introduce austerity measures to cover a financing gap of $390m.

Salary cuts of between 15 per cent for lower paid civil servants, and rising to 40 per cent for high earners including ministers were to generate sufficient funds to fill this shortfall. A Solidarity Tax is also to be increased from 1 per cent to 11 per cent, aimed at meeting the demands of the adjustment programme.

But after two weeks of protests the Government has been forced to delay the imposition of these measures and union leaders have been attempting to minimise the affect of the planned cuts on their members' wages through intensive negotiations with the Government.

Mr Adiko Niamkey, secretary general of the official general workers' union, yesterday announced that price reductions were being negotiated to minimise the affect of the salary cuts. Reductions in the price of electricity, water and some foods are also in the pipeline.

Mr Houphouët-Boigny insisted earlier this week that the crisis was being caused by multinational companies exploiting the vulnerability of commodity-based economies in Africa. The adjustment programme would see the country through the crisis, he said, reaffirming his commitment to measures which have threatened national stability, though are unlikely to threaten the stability of the Government itself.

Hype, lies and hoopla amid the perfumed promises

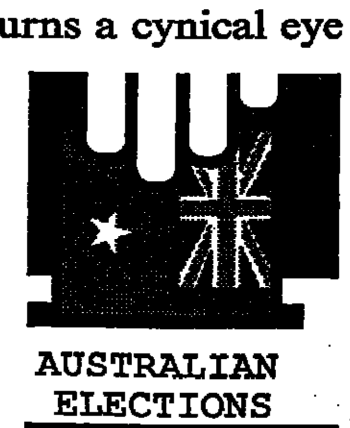
Chris Sherwell turns a cynical eye upon Australia's 'trivialised' election campaign

HALF-WAY through the 1990 Australian election campaign, it is the voters, not the politicians, who have faced the toughest test – summoning enthusiasm for the contest. The dull tone will undoubtedly sharpen by polling day on March 24, but so far it has been uninspiring.

Each day, the two party leaders – Prime Minister Bob Hawke of the Labor party, and Opposition leader Andrew Peacock of the Liberal and National party coalition – have followed roughly similar patterns.

Typically, they clamber into official aircraft with a gaggle of "minders" and an array of high-tech equipment, including mobile phones and portable faxes. Accompanying them is a throng of print, radio and television journalists.

The destination is usually an attractive corner of an Australian city or town. Upon arrival, any or all of four "events" will occur: a set-piece speech to an assembled group of party faithful, a live appearance on a



local radio phone-in programme (known in Australia as "talk-back"), a walk down the street or a visit to a school (or child care centre, or institution for the aged), and a press conference.

Little of this happens without a barrage of microphones, cameras and jostling media people filling the space between woo-er and woo-ed. The principal target is the evening television news bulletins, which go out on the three main commercial networks at 6pm and on the Australian Broadcasting Corporation channel at 7pm.

The idea is to provide a photo-opportunity which will convey a suitably positive image, together with some pithy ten-second "grabs" which, preferably, appeal to the base instincts of fear, greed or envy within a cynical electorate. Perfumed promises of tax cuts, wage rises and lower mortgage rates are coupled with stinking insults directed at political opponents.

According to one local commentator, there is no campaign trail – it is the media which are the campaign. Another speaks of a "merger" of politicians and media, embracing hype, lies and hoopla. In these circumstances, the campaigning political leader must, above all else, avoid making a mistake, since any slip can be blown far out of proportion.

Alongside the leaders' juggernaut is a parallel effort, likewise conducted through the media – slick, well-aimed and sharply directed advertising campaigns. Some is soft-sell, more is the "attack" variety. Labor is emphasising the name Bob Hawke to promote itself; the coalition keeps insisting there are "questions which must be answered." As the big day approaches, their spending will rise markedly.

Both sides are also scrutinising minutely all opinion polls which might furnish extra detail on preferred loyalties, attitudes to topical issues, the relative popularity of the leaders and feedback on current events. But the parties also conduct their own private polling – and use it freely to make counter-points or influence trends.

The overall purpose is to help the combatants overcome an enormous hurdle: the need for a concise, catchy appeal to win over crucial swinging voters in the same constituency, namely "Middle Australia" – or more accurately, middle-class Australia. One consequence is trivialisation; certainly a lack of vision. Another is avoidance by the two sides of the darker consequences of their proferred policies.

Just as inevitably, attention is heavily focused on the leaders themselves, especially their personalities. Thus, in the first week of the campaign, questions were posed, in all seriousness, about Mr Hawke's psychological make-up after two minor outbursts on the same day – one over a crush of journalists' microphones, another over a heckler.

For its part, Labor seems sure that Mr Peacock, for all his polish and professionalism, is insufficiently substantial on the big economic issues to avoid exposing his weakness before polling day. Labor cannot depend on this, however, especially as Mr Peacock is cleverly deploying his most competent shadow ministers – Dr John Hewson and Mr Fred Chaney – to help him. Equally, Mr Hawke has at his disposal Mr Paul Keating, his fiery economic policy architect and heir apparent.

If the big set-piece events of the campaign so far – the debate and Labor's package of tax cuts and wage increases negotiated with the trade unions – have only briefly illuminated an otherwise dull campaign, that should now start to change.

On Monday, the Liberals officially launched their campaign with a colourful rally in Melbourne, a 24-minute nationwide appeal on television and a full statement detailing tax cuts, savings and expenditures and all policies. Mr Hawke will do the same for Labor in Brisbane tomorrow.

From then on, as the pressures heighten, the campaign will grow livelier and the issues will sharpen. Large numbers of voters are currently undecided about their vote, which they are required by law to exercise. Many are disillusioned enough to vote for a third party rather than the two major groups. As they begin to make up their mind, it will be the politicians' turn to be tested.

AMERICAN NEWS

SENIOR WHITE HOUSE OFFICIAL SAYS INFLATION UNDER CONTROL

US interest rates 'need not rise'

By Peter Riddell, US Editor, in Washington

THE BUSH administration does not believe any increase in German and Japanese interest rates need push up US rates.

A senior administration official at the highest level of policy-making said yesterday there was "no reason for interest rates to go up in the US". He said inflation was "cool right now", an impression reinforced yesterday by sluggish factory orders.

The comments come at a time when the central banks of the Group of Seven industrial countries have been seeking to hold down the dollar and pressure has mounted for increases in West German and Japanese interest rates.

An early meeting of the G7 finance ministers and central bank governors is now expected before the regular spring meetings of the International Monetary Fund in two months.

Senior officials believe the need for such a discussion of economic policy surveillance and co-ordination has been accepted following talks which Mr Nicholas Brady, the US Treasury Secretary, held at the end of last month with the four European G7 members.

One of the US aims has been to refocus European thinking on broader questions of policy co-ordination, growth, interest rates and exchange rates at a time when Europe is preoccupied by internal issues.

The senior official indicated the Administration's belief that it may be possible to isolate the US from these developments. The official noted that "a good body of people, including the monetary authorities in this country, think there is no reason to push up interest rates here because they are higher in Germany or Japan".

Any increase in US rates would not be "helpful", the official said, adding that there was a lot of validity to the view that these moves need not necessarily track back to the US.

More generally, the official argued, following recent discussions between US and European policy-makers, that most of the economic impact of the reunification of Germany would be within Europe, affecting internal trade imbalances and inflation, rather than externally.

● New orders for US manufactured goods fell by 5.4 per cent in January, the biggest monthly decline for 16 years, though this in part reflected unusually sharp fluctuations in demand for aircraft, cars and motor parts.

The fall was only slightly larger than market expectations following last week's announcement of a 10.5 per cent drop in durable goods orders in January.

Around one-third of the overall decline in factory orders was concentrated in cars and another third in aircraft, with about one-fifth of the drop in shipbuilding and tanks.

Excluding these transportation categories, factory orders fell 1 per cent after a decline of 0.3 per cent in December.

Many economists, and Mr Alan Greenspan, the Federal Reserve chairman, believe that the underlying trend of orders is flat, supporting the Fed's view that the worst of any slowdown may be over.

However, shipments of manufactured goods fell by 1.9 per cent in January, and inventory/stock levels rose by 0.7 per cent, nearly offsetting a previous small decline. The inventory to shipments ratio is now at the highest level for three years. If inventory/stock levels rise without a gain in new orders it could point to later production cuts as factories attempt to clear stocks.

Various forward indicators, such as the purchasing managers' monthly survey, have pointed to a recovery in new orders in February, though the overall level of activity is expected to be at best sluggish in the current quarter.

● US car sales fell 6.7 per cent in late February amid signs that demand, especially among the big three US car makers, is softening, Reuter reports from Detroit.

Ford reported the biggest drop, with late February sales falling 24.5 per cent. The company said higher fleet sales in the same period last year, distorted the comparison.

Chrysler had the second largest fall in late February, with sales off 11.6 per cent. General Motors followed with a decline of 3.8 per cent.

Nicaragua reports new Contra attacks

Nicaragua yesterday reported new attacks by US-backed Contra rebels as envoys of President-elect Violeta Chamorro and the Catholic Church travelled to Honduras for talks with the rebels on laying down their arms, Reuter reports from Managua.

The Sandinista newspaper Barricada said one Contra had been killed and two Sandinista soldiers wounded in two clashes in northern Nicaragua over the weekend. Rebels had abducted 10 peasants in the southeast last Friday, it said.

The newspaper described the attacks as an open violation of a ceasefire declared unilaterally by the Sandinista government last week to encourage the rebels to disband.

Both the government and the 14-party opposition alliance which defeated it in elections last week are calling for the immediate disbanding of the Contras.

President Daniel Ortega has said this is a condition for a peaceful transfer of power next month to Violeta Barrios de Chamoro, who defeated Mr Ortega in nationwide elections last week.

Aid for Managua

A US aid plan for Nicaragua should go to President Bush in a week to 10 days, a top US official said after a meeting with advisers to President-elect Violeta Chamorro, Reuter reports from Washington.

But Assistant Secretary of State Bernard Aronson said the amount of US aid was not discussed during his and Secretary of State James Baker's meeting with the Nicaraguan officials, including Chamorro's son Pedro.

"We want to have a package of recommendations to the president very, very quickly and hope to have that within a week to 10 days," Aronson told reporters.

Mr Aronson said the U.S. and Nicaraguan officials also discussed but set no date for lifting the US embargo against Nicaragua, imposed against the Sandinista government which was defeated by Chamorro in elections last week.

When asked if the embargo could be lifted before Chamorro takes office April 25, Aronson said, "It's possible."

Argentine fiscal axe turns out to be a butter knife

Gary Mead examines 'painful' austerity measures

MR ANTONIO Erman Gonzalez, Argentina's Economy Minister, addressed the nation on Sunday night, having promised "shock treatment" on the country's bloated public sector, perpetually in deficit. The nation waited to see where the axe would fall.

Instead, Mr Gonzalez wielded a butter knife. His 20-minute discourse ended with the description of the new measures as "painful and grave"; Mr Gonzalez and President Carlos Menem's Government have a dangerously low pain threshold.

Mr Gonzalez said his latest adjustments were aimed at slicing $2bn from government spending. State companies officially lost $5.5bn last year; unofficial estimates of losses are considerably higher. Early estimates suggest that the Treasury showed a $40m deficit for February.

Mr Gonzalez's proposed cuts include: enforced immediate retirement for central government civil servants at or above obligatory retirement age; suspension of civil servants who are within two years of retirement age; and the immediate closing of one state bank, Banco Hipotecario Nacional.

The announced cuts do not look impressive on paper. Examined more closely, and in the context of firmly fixed hyper-inflation of a monthly 80 per cent and what Mr Gonzalez called "a bankrupt state", they look even less so.

Mr Gonzalez admitted that the Government was without either external or internal credit – no fresh loans are imminent from any source.

Despite that, he also announced that from April 1 the basic state sector wage would be raised from its current monthly 100,000 australs to 450,000 australs ($75 at current exchange rates), thus increasing (at a conservative estimate) the Government's public sector basic wage bill from $16.6m a month to $74.9m. It will be a challenge for the central bank to stand firm against issuing new, unbacked banknotes to meet that pressure – a challenge which it has singularly failed to meet during the eight months of the Menem Government.

Moreover, the promised wage increase is likely to fail to satisfy public sector workers. Although it theoretically takes the individual basic wage up from roughly $17, that is still far beneath the demand of the majority of Argentina's 4m trades unionists, who seek a monthly $100 as a basic. Schoolteachers across the country have failed to start the new term and will continue sporadic general strikes, in demand for the $100.

Given that during February the austral depreciated by so much that April's increase, when it arrives, may end up being worth $25; trade unionists will not have gained, but politically the Government will have further undermined, both domestically and overseas, its already shaken credibility.

In periods of stability the collapse of the austral against the dollar should have little effect on union wage demands. But contemporary Argentina is both economically and politically highly unstable: the dollar is used by everyone as at least a hedge against inflation. No-one wants to hold australs.

> **It is widely felt that the bureaucrats removed will either be found other administrative jobs commensurate with their status, or sit out the year hoping for better times**

A further doubt about the spending cuts is that although several thousand central government bureaucrats now face forced early retirement, (no actual figures have been given) those departing with still two years left before obligatory retirement age will have their full salaries paid until they reach that age; in other words, no cut in spending at all.

Among the 56 offices of state secretariats and 80 others of sub-secretariat level which are to go, all employees are entitled to one year's full pay under Argentine law. Again, much noise but no real cuts.

It is widely felt that the bureaucrats removed will either be found other administrative jobs commensurate with their status, or sit out the year hoping for better times to return. With job supply having dropped by 53 per cent in February with respect to February 1989, their pen-pushing abilities are not likely to be in high demand.

Perhaps the most surprising, courageous and testing of the new measures is the decision to close the Banco Hipotecario Nacional, a century-old institution which in the last decade has become a national disgrace. Two weeks ago the Government announced that it intended closing 14 of the BHN's 52 branches and drew down the wrath of more than 2,000 bank workers. They occupied the BHN's central branch in Buenos Aires and refused to leave until promised that no jobs would be lost. After Mr Gonzalez's latest announcement, they again occupied the BHN on Monday and promised to strike until the decision is reversed.

It is known that the World Bank has put considerable pressure on the Menem administration to close the BHN and restructure the state banking sector, which is both a political minefield and an economic cesspit. The BHN was set up to provide cheap mortgages for the poor; under the previous government of President Raúl Alfonsín it was ruthlessly used by government as a means of buying political favours and granting absurdly cheap mortgages (sometimes handfuls to the same person).

Mr Juan Zanola, head of the bank union, said recently that more than 25,000 BHN mortgage holders were paying 4,000 australs a month – less than $1 at today's exchange rate and 4 per cent of the lowest state sector salary.

Mr Gonzalez's performance on Sunday was in fact designed not so much for a domestic audience as for one further north, in the offices of the World Bank, the International Monetary Fund, and the US Government. Argentina is trying to unblock loans from all three sources; unless those agencies are feeling particularly generous, Mr Gonzalez has to go much further in producing genuine and immediate spending cuts.

Devaluation wins approval in Honduras

By Philip Wearne in Tegucigalpa

THE Honduran Congress has approved emergency economic measures announced by the new National Party President Rafael Leonardo Callejas. They include a devaluation of the lempira, the currency, by 50 per cent and spending cuts and revenue-raising measures designed to reduce this year's expected fiscal deficit by nearly 45 per cent.

The lempira will now float freely against the US dollar. This legalises the parallel market on which the currency is currently trading at more than four lempira to the dollar, double the official rate. The old official rate will be retained for foreign debt payments.

Mr Callejas described the measure, unveiled last Friday, as an effort to recover some of the country's lost credibility in the international financial community. Last April the country was blacklisted by the World Bank.

Collor nears completion of slim ministerial team

By Ivo Dawnay in Rio de Janeiro

BRAZIL'S new slimline government was nearing completion yesterday with the confirmation of an education minister and indications of a new central bank president.

But President-elect Fernando Collor de Mello, who takes office next week, has still to name his Foreign Affairs Minister, who will be charged with reorientating diplomatic allegiances from the developing to the industrialised world.

For the financial and business communities, it was the expectation that Mr Ibrahaim Eris, an economist, broker and former government tax consultant, would head the central bank which grabbed attention yesterday.

Mr Eris has advised ministers on fiscal policy since 1980 and recently devised new withholding tax laws aimed at closing holes in notoriously ineffective capital gains legislation. Mr Eris, 46, who is Turkish-born, also once acted as tutor to Ms Zelia Cardoso de Mello, appointed last week to head the new Economy Ministry, at the University of São Paulo.

His appointment, which must be approved by Congress, was given a broad welcome in business circles.

"He is a well-prepared economist with a firm market orientation which may be very useful for the implementation of Collor's reforms," Prof Carlos Langoni, a former central bank president, said.

With only foreign affairs, agriculture and health left to fill, the new President's 12-minister government will be the most compact administration in Brazil's history, and compares with outgoing President José Sarney's 27-minister team.

The implicit message, directed firmly at the civil service, is that the Collor administration is seeking higher productivity from a smaller team. There are already strong rumours of mass dismissals of surplus staff.

Interim chief found for thrifts office

By Peter Riddell

MR Salvatore Martoche, the US Treasury's head of enforcement, has been appointed interim director of the Office of Thrift Supervision, the chief regulator of the savings and loan industry.

This follows an unsuccessful search in the past three months for a permanent successor to Mr Danny Wall, who said in early December he would resign as director. This came after intense criticism of his handling of the savings and loan crisis, especially the collapse of Mr Charles Keating's Lincoln group.

The Treasury has found it difficult to find a permanent replacement, in part because of concern over lack of independent authority.

Mr Martoche is a former US attorney and at present assistant Treasury secretary for enforcement responsible for the Secret Service, the Customs Service and anti-drug programmes.

WORLD TRADE NEWS

Time Warner will build giant cinema complexes in USSR

By Nancy Dunne in Washington

HOLLYWOOD is following the path trodden by energy consortia, manufacturing ventures and the Big Mac with plans to construct two giant state-of-the-art Soviet cinemas, complete with stereo sound, air conditioning, video game rooms and popcorn.

Time Warner Inc and the v/o Sovexportfilm yesterday announced the first joint venture to build Soviet cinema complexes and the first theatres to be privately owned and operated in the USSR.

The two theatres, modeled after Warner Brother International Theaters in the UK and West Germany, will be constructed at an estimated cost of $28m in Moscow and Leningrad. The American partner will provide most of the financing with Sovexport film contributing the leasing of prime real estate in both cities.

V/o Sovexportfilm, the State Committee of the USSR for Cinematography, is the state agency which exports, imports and domestically distributes films in the Soviet Union. It will own 40% of the venture, called Warner-Sovexportfilm USSR, with Time Warner owning 60%.

Construction, to be undertaken by Soviet and European contractors, is set to begin later this year with openings scheduled in 1992.

Mr Steven Ross, co-chairman and co-CEO of Time Warner, said profits will be reinvested in other venture activities, including co-productions, film festivals and seminars. The partnership will show both Western and Soviet films in the Soviet Union and bring Soviet films to the US.

The Moscow theatre, to be located on Novokirovsky Prospekt, near three train and two subway lines, is to contain 10 screens with a total seating capacity of 4,000. The Leningrad will have nine screens with a total seating of 3,400.

The project, announced yesterday at the Soviet embassy in Washington, was toasted by Mr Robert Mosbacher, the US Commerce Secretary.

It was blessed by a congratulatory message from President Bush, and hailed by Time Warner chief executive officers as "the start in the fulfillment of a corporate dream" to bring Hollywood to the world.

The Soviet Union is a good place to start, the Time Warner executives said. According to their market researchers, Soviets have the highest film attendance per capita in the world - viewing an average 14 films a year compared to four for the average American.

Venezuelans face heavy foreign exchange losses

By Joseph Mann in Caracas

VENEZUELA's Supreme Court has ruled against a suit filed last year by the Venezuelan business community that affects around $6bn in letters of credit and will lead to some heavy foreign exchange losses.

The ruling means that companies are now legally bound to repay all letters of credit according to the terms of government decrees issued last year. Businessmen here estimate that due to a major devaluation of the Venezuelan currency carried out in March 1989, these repayment terms will force them to absorb a foreign exchange loss of around $1.8bn.

Many Venezuelan companies holding letters of credit and other foreign obligations have refused to repay international banks over the last year. They alleged that until the high court ruled on the law suit, filed by an industrial association called Conindustria which seeks to declare the government's actions regarding private sector obligations unconstitutional, they could not obtain foreign exchange from the government at special exchange rates and therefore could not immediately meet their obligations.

Boeing lifts forecast for jetliner market

By Paul Betts, Aerospace Correspondent

BOEING, the world's largest commercial aircraft manufacturer, has sharply increased its long-term forecast for the commercial jetliner market with demand totalling 9,935 aircraft worth $626bn (£368bn) between now and the year 2005, for all sizes of jetliners from all manufacturers. This is substantially higher than the US company's forecast last year for 1990-2005, totalling 7,838 jetliners worth $490bn.

Boeing says its more optimistic outlook reflects expectations of prolonged air travel expansion, driven by continued growth in discretionary income and a decrease in the real cost of travel after allowing for inflation.

In spite of recent increases in the prices of fuel, Boeing expects relatively stable fuel prices over the long term and no US or world recession for the foreseeable future. Other factors likely to stimulate airline growth include deregulation and the opening up of Eastern Europe.

"While the impact of that market will not be great, it has added $15bn to the 16-year forecast, largely because of business travel," Mr Richard Albrecht, a Boeing executive vice-president, said.

Air travel growth is expected to average about 5.5 per cent a year between now and 2005.

The biggest traffic expansion is forecast to be in the Pacific area. Among risks facing the industry is the possibility of a mild US economic dip, heavier taxation of jet fuel, a shortage of pilots and mechanics, and congestion caused by inadequate ground and air traffic control facilities, Mr Albrecht warned.

"Congestion is a real problem and more of a risk than all the others combined," he said.

Replacement of ageing aircraft is also likely to boost demand for new aircraft. Boeing now estimates the service life of all aircraft at 25 years.

It says nearly 2,000 jetliners in service are over 20 years old and may be retired in the current decade. The Boeing forecast indicates that 50 per cent of aircraft to be delivered after 1995 will involve jetliners with 300 seats or more.

E German machine output 'could triple'

By Andrew Fisher in Frankfurt

EAST Germany's machinery industry should be able to double or triple its annual output of between DM20bn (£7bn) and DM25bn in the next few years, according to Mr Berthold Leibinger, president of the West German mechanical engineering industry association (VDMA).

Reporting on a buoyant year for the West German industry, he said it was rapidly developing contacts with East Germany to help in the country's economic revival.

Among the most viable sectors of the East German industry, VDMA experts cite textile machinery, presses and machine tools. They have already forecast West German machinery sales to East Germany could triple in the next two or three years to an annual level of DM5bn-DM6bn.

But Mr Leibinger pointed out that although hopes of increasing business with eastern Europe were high in the medium and long term, the region (excluding East Germany) accounted for only 6.2 per cent of the West German industry's exports, less than its business with the Netherlands, the fifth largest customer.

Total exports of the West German mechanical engineering industry, one of the main contributors to the country's continued economic growth, rose 13 per cent last year to DM115bn, with sales to the Soviet Union, Spain and Austria showing the fastest increases.

Reflecting the economic reconstruction efforts of eastern Europe, exports to the region jumped by 27.5 per cent to DM6.5bn. Sales to the Soviet Union, the industry's 10th most important customer country, advanced 32 per cent to DM3.6bn.

> The West German industry is rapidly developing contacts with East Germany to help its economic revival

The biggest customer remained France, with exports there increasing 11.5 per cent to DM11.5bn. Second was the US, with a gain of 10 per cent to DM9.4bn in its purchases from Germany. Price rises accounted for about 3 per cent of the industry's export growth. After a year of much faster than expected growth in production, the VDMA expects slower expansion in 1990 as capacity limits are reached. It forecast that output of the West German industry would grow by around 5 per cent after 8.4 per cent in 1989, more than twice the 1988 rate.

The industry, which also includes computers and office equipment under the VDMA definition, enjoyed an export surplus of DM61bn last year, second only to the vehicle sector. Imports moved up by 24 per cent, with sharp increases from the US, Japan, and western Europe, especially Britain and France.

Mr Leibinger said the continued buoyancy had enabled it to lift employment by 43,000 people last year to just over 1.1m. New orders had risen by a real 11 per cent in 1989, with domestic business up more sharply than that from abroad. Order books late last year contained enough work to last an average of 7.3 months against 6.2 months in 1988.

Bush seeks more aid for Panama

By Nancy Dunne in Washington

PRESIDENT Bush is to ask Congress for an additional $500m (£294m) in new bilateral assistance for Panama to help implement its economic recovery, Mr John Macomber, chairman of the US Export-Import Bank, said yesterday.

The chairman, who was to leave today for Panama, said that Eximbank will provide up to $400m in short and medium-term credit guarantees during the next few years with the credit targeted towards rebuilding inventories and increased production.

Panama, which is $540m in arrears to the multilateral and regional lending institutions, owes $1.9bn to commercial banks, and last year was $433m in arrears on interest payments to the banks. Its combined arrears in amortisation and interest totals $1.5bn.

In addition, the US is providing $42m in humanitarian aid and $100m more from other agencies.

Eximbank yesterday was expected to announce a full opening of all its credit facilities to Czechoslovakia.

It has already instituted short=term credit insurance in Poland and expected to build the programme to medium-term credit by the middle of the summer.

Mr Macomber has just returned from a trip to Asia, during which he met Japanese officials "to develop devices" to follow the expenditures of $65bn which Japan says it has set aside for untied aid.

"If it doesn't happen," Mr Macomber declared, "the backlash will be tremendous".

Call for US sanctions on EC

By Nancy Dunne

CONGRESSMAN Sam Gejdenson, chairman of the House subcommittee on international economic policy and trade, has asked the Bush Administration to list the EC's government procurement policies as discriminatory under US trade law and subject to sanctions.

In a letter to Mrs Carla Hills, US Trade Representative, the congressman said the EC's procurement policy "is far more discriminatory and covers far more areas of procurement in America's most competitive sectors than most other nations."

Trade legislation passed in 1988 requires the Trade Representative to identify by April 30 1990 those countries which discriminate against US exporters when purchasing goods and services and to seek immediate negotiations.

US government agencies may be prohibited from purchasing goods and services from identified countries if the negotiations do not produce results by June 30 of this year.

Mr Gejdenson is particularly angry over a draft EC government procurement directive which would allow governments to exclude offers containing less than 50 per cent EC content.

"After 1992, American exporters will get non-discriminatory access to 25 per cent of the European government procurement market," the congressman said.

"European exporters, on the other hand, will get non-discriminatory access to 80 per cent of the American procurement market."

Mr Gejdenson also urged Mrs Hills to make use of access to the American defence market a bargaining chip in her negotiations.

Foreign chip makers' sales rise in Japan

FOREIGN semiconductor manufacturers' share of the Japanese market increased by nearly one percentage point to 12.9 per cent in the final three months of last year, government officials said yesterday, AP-DJ reports from Tokyo.

It was the fourth consecutive quarterly rise in the foreign semiconductor market share. However, this was still far below the 20 per cent goal set in negotiations for a 1986 semiconductor trade agreement between Japan and the US.

"For more than three years, Japanese user companies have been making serious efforts to increase their purchases of foreign semiconductors," a Ministry of International Trade and Industry official said. "Some efforts take time, while others have immediate effect."

The growth of Japanese strength in the semiconductor industry has led to increasing concern in the US and elsewhere, that domestic manufacturers may be left behind in this crucial technology sector.

The main charge of US industry groups is that their limited sales success in Japan illustrates that restrictions exist against foreign semiconductors. However Japanese companies have called for US suppliers to make greater sales and quality-control efforts.

S Korea to buy Soviet uranium

SOUTH KOREA is to start importing Soviet enriched uranium to diversify its energy sources and promote trade with Eastern Europe, John Ridding reports from Seoul.

The uranium, to be used to develop stockpiles for nuclear power plants after 1995, is believed to be up to 30 per cent cheaper than the $1,060 (£623) a kilogram South Korea pays the US and France. Under the Soviet pact, up to 40 tonnes will be imported a year for the next 10 years.

Figures from the South Korean Economic Planning Board (EPB) show a 15 per cent rise in trade last year with Communist states, to $4.29bn, and a sharp rise in trade with Moscow. Up to a third of the uranium payment will be by bartering South Korean electronics products.

The Soviet deal will be the first time South Korea has imported finished nuclear fuel. Until now, it has bought uranium ore from Australia and Canada, enriching it in the US and France. The existing contracts will not be affected.

The EPB says exports to the Soviet Union rose 86 per cent to $208m last year, while imports more than doubled to $391m.

Hungarian lift deal

SCHINDLER, second biggest lift and escalator maker after Otis of the US, is taking a 75 per cent stake in a Hungarian joint venture with Ganz Lift, a Budapest company, William Dullforce reports from Geneva. The accord, under Hungary's new company law, depends on ministerial approval. Otis made a bid for Ganz, Hungary's biggest lift-maker, holding over half the country's market. Schindler has had a co-operation pact with Ganz since 1979. Schindler hopes the joint venture, Schindler-Ganz Lift, would mean a better base for activities in east Europe.

Turkey phone orders

Orders worth TL226bn ($55m) have been concluded with Turkish-foreign joint ventures Metas Teltas and Simko to supply 524,822 digital telephone lines to Turkey, Jim Bodgener reports from Ankara. The foreign partners are Canada's Northern Telecom, Bell Telephone Manufacturing of Belgium and Siemens.

Investors in Berisford to raise issue of subsidiary

By Clay Harris, Consumer Industries Editor

THE FUTURE of the chief executive of Berisford International's US subsidiary – and perhaps even of veteran chairman Mr Ephraim Margulies – will be raised by institutional investors in talks with directors of the sugar and property group.

Disquiet about Berisford's New York property investments, which accounted for half the £99.9m of extraordinary provisions Berisford took in 1988-89, emerged at the company's annual meeting on Monday.

Pension and options arrangements for Mr Howard Zuckerman, US chief executive, also figured prominently in questions asked by Associated British Foods, the group owning nearly 23 per cent of Berisford.

So far, large institutions are planning to express their concerns to Berisford independently this week and next, although a concerted approach may be mounted under the auspices of investor protection committees.

"There may be a strong consensus of views, but so far we have not had a meeting to establish one," one fund manager said yesterday. Like his counterparts, he was sensitive about premature publicity for any shareholder initiative.

Nevertheless, most are determined to coax – or force – changes on the Berisford board. ABF's intervention on Monday followed a similar episode at last year's annual meeting, when Berisford's controversial involvement in a US takeover bid was raised.

Fund managers stress that their initial contacts will take the form of posing questions rather than making demands.

Thatcher rejects interest rate call

By Philip Stephens and Simon Holberton

MRS Margaret Thatcher, the Prime Minister, yesterday dismissed calls for an early cut in interest rates amid renewed clashes in the House of Commons over the Government's economic and industrial strategy.

The clashes came as it emerged that the Treasury, in an unprecedented move, has sought directly the views of City of London analysts on the shape of Mr John Major's first Budget as Chancellor of the Exchequer on March 20.

The informal survey, the results of which were relayed to the Chancellor, is thought to have found that a majority of the analysts favoured increases in taxation, although some warned of the danger of recession.

In the Commons, the Prime Minister, who was pressed by Mr Neil Kinnock, the opposition Labour leader, to rule out any further rise in borrowing costs, insisted that rates would be set at whatever level was needed to maintain the fight against inflation. She accused Mr Kinnock of aiding speculators by seeking to force the Government to give such commitments.

The Government's strategy, however, was subjected to a scathing attack from Mr Gordon Brown, Labour's Trade and Industry spokesman in the last big debate on the economy before the Budget.

In a sharp and witty Commons performance, Mr Brown said that a Government which had promised stable prices was presiding over an economy with the highest inflation, largest trade gap and slowest growth of all its major competitors.

Mr Michael Heseltine, the former defence minister, called for the Government to underpin its efforts to bring down inflation by combining full membership of the European Monetary System with much greater independence for the Bank of England.

In a speech which carefully combined support for Mr Major's determination to bring down inflation with his own, distinctive, strategy, Mr Heseltine said a more independent central bank would be a powerful weapon in combatting price rises.

He linked it with a greater commitment by the Government towards closer European monetary co-operation and, particularly, with a decision to take sterling into the EMS exchange rate mechanism.

Mrs Thatcher's comments on interest rates bore heavily on the London stock market. The market ended on a weak note, with FT-SE 100 Share Index 14.5 down at 2,216.0.

They appeared, however, to give some support to the pound which rose 0.3 points on the Bank of England's trade-weighted sterling index. Analysts were still concerned that an element of political risk had entered the market.

Trading in UK Government debt, or gilts, was thin. But analysts said this reflected negative sentiment brought about by an uncertain outlook for inflation. Long-term interest rates again rose, ending at about 11.8 per cent.

Prestwick's monopoly on international flights ended by Government

Airlines free to use Scottish airports

By James Buxton, Scottish Correspondent

THE Government yesterday put an end to Prestwick airport's monopoly on transatlantic flights from Scotland, declaring that airlines will be free to fly from whichever of Scotland's three lowland airports they wish, subject to international agreements.

The decision by Mr Cecil Parkinson, Transport Secretary, means that at least two new transatlantic scheduled services will begin operating from Glasgow this summer, while the two operators of scheduled flights from Prestwick are expected to move their operations to Glasgow.

BAA, formerly the British Airports Authority, which operates Prestwick – in Ayrshire – Glasgow and Edinburgh airports, is to keep Prestwick open for cargo and other operations. It is also to end the differential in landing charges which favoured Glasgow but believes that passenger flights will in due course move from Prestwick.

Scotland's business community warmly welcomed the decision formally ending the rule, going back more than 20 years, that required all transatlantic flights to and from Scotland to use Prestwick, which is inconveniently located on the coast south-west of Glasgow and has no air feeder services. The battle between Prestwick and Glasgow had become acrimonious in the past few months.

Mr Parkinson said that it was "the firm belief of all those well-placed to take an informed view" that the policy of confining long-haul services to Prestwick had "hampered Scotland's economic development." Prestwick's transatlantic gateway status was effectively breached last year when the charter airline Air 2000 challenged it in the courts. It has been flying from Glasgow to the US since last summer and Mr Parkinson would have had to devise new rules to stop it.

In May Mr Paul Channon, the then Transport Secretary, enraged travellers and businesspeople in Scotland by refusing to review Prestwick's monopoly status.

British Airways begins flying from Glasgow to New York three times a week in August and American Airlines expects to offer services to Chicago. Air Canada said last night it would move its operations from Prestwick to Glasgow.

Transatlantic charter flights may now use Edinburgh airport but under bilateral agreements with the US scheduled services will not be allowed.

British management criticised for attitude to environmental issues

By Tim Dickson in Brussels

BRITISH companies were yesterday criticised for their approach to "green" issues in a survey of European management attitudes published in Brussels.

The eight country study – undertaken by the management consultancy Touche Ross – shows that many businesses are unprepared for tougher environmental legislation and ill-equipped to meet the growing purchasing power of "green" consumers.

The national differences emerging from the research are far from flattering for the UK. A majority of the 90 companies interviewed throughout the European Community see future legislation as having "a major impact on all aspects of their businesses". In Britain, by contrast, 60 per cent of those sampled said future environmental laws would not significantly affect their industries.

"A number of" UK firms claim that their activities have no impact on the environment while all firms interviewed in the other member states recognise at least some impact.

Perhaps the most telling finding is the extent of envrionmental concern at board level. Touche Ross claims this is "much less in evidence" in France and the UK, and "quite a few" firms in the UK leave "green" issues to their publicity departments. Belgium comes out badly from the results with only 20 per cent of companies claiming to have a director responsible for environmental management.

● Copies from Touche Ross Europe, 27 Avenue des Arts, 1040 Brussels. Price BF600.

Dumping defended as green wave sweeps N Sea

Peter Marsh on the problems for the dumpers

BY 1993, British companies will have to find alternative ways of disposing of up to 250,000 tonnes a year of industrial effluent that they dump into the North Sea. That will cause a lot of head-scratching, some extra investment, a certain amount of resentment – and a dip in business for Mr Allan South.

Mr South is commercial director of Macclesfield-based Effluents Services a specialist refuse-disposal group which handles all of Britain's current dumping into the North Sea of liquid industrial wastes.

His company has contracts for North Sea dumping with eight businesses in the chemicals and related industries. All eight companies have licences from the Ministry of Agriculture to permit dumping.

Effluents Services takes the residues from plants around England and uses five special barges to tip them 8 to 15 miles off the east coast into the sea.

The companies include ICI, Imperial Chemical Industries, Britain's biggest chemicals business, Tate and Lyle, the sugar group, and Sterling Organics, UK subsidiary of Eastman Kodak, the US photographic and chemicals group, which together are licensed to dump 240,000 tonnes of liquid waste a year.

The other companies with contracts with Effluents Services are Fine Organics, owned by Laporte Industries; Orsynetics, part of the Thomas Swan chemicals group; Chlor-Chem, owned by Schering, of West Germany; Woolcombers, owned by Illingworth Morris textiles group, and Allied Colloids. Between them, these five are licensed to dump 27,999 tonnes of waste into the North Sea a year.

Mr South says that – in spite of the criticisms of environmental pressure groups such as Greenpeace – dumping of certain types of chemicals in the North Sea is not environmentally unfriendly.

He says none of the materials his company is putting into the sea is toxic and all decompose quickly. All the waste, he says, has been carefully selected so that it meets rigid criteria related to these points.

Arguments of this type are likely to surface at the third North Sea conference on pollution in The Hague tomorrow and Thursday, when Britain will come under fire from other European countries for its position on sea dumping.

It will be the last nation to end dumping in the sea, and britain has said this might carry on until as late as 1993, several years after other nations, including Denmark, West Germany and Holland, have stopped.

According to Mr South, the other European Community countries which complain about Britain's approach are being hypocritical.

He says that many of the UK's neighbours are putting large amounts of wastes into the North Sea not by dumping by ship.

They are, he says, instead using the Rhine, Scheldt and other rivers which flow into the North Sea to carry significant quantities of trace contaminants from chemical plants and other industrial installations further inland.

Mr Tim Birch, water-pollution campaigner at Greenpeace, rejects Mr South's arguments. He says the UK dumping licences from the Ministry of Agriculture do not specify all the chemicals that are disposed of in this way, and that some materials which lead to long-term hazards can slip through into the sea by the dumping route.

Monitoring procedures are also not sufficiently tight, he says. On other countries, Mr Birch says: "No one is pretending they are perfect. But they have a much more serious grasp of the position than the UK does. They don't just chuck the waste into the sea and worry about it afterwards."

COMPANY NOTICES

WEST RAND CONSOLIDATED MINES LIMITED
(Incorporated in the Republic of South Africa)
Company Registration No. 01/01276/06
COUPON NO. 113
(DIVIDEND NO. 113)

HOLDERS OF SHARE WARRANTS TO BEARER are informed that they will, on or after 16 March 1990 be paid 7.[illegible]p per share, viz. 9.29634p the amount declared per share; less 1.39295p being South African non-resident shareholders' tax of 15% against surrender of Coupon No 113. Coupons must be deposited for FOUR CLEAR DAYS for inspection before payment will be made:-

In London at Gencor (U.K.) Limited, 30 Ely Place, London, EC1N 6UA
In Paris at Credit du Nord, 6 & 8 boulevard Haussmann, Paris (9e)
In Basle at Swiss Bank Corporation
In Zurich at Credit Suisse

Coupons belonging to holders resident in Great Britain and Northern Ireland will be paid as follows:-

		Pence
Amount of dividend after deduction of	South African non-resident shareholders' tax of 15%	7.[illegible]
Less:	United Kingdom Income Tax of 10% on the Gross Amount of the dividend of 9.29634p	0.92963
		6.96476

Listing forms can obtained from the office of the London Secretaries.

per pro. GENCOR (U.K.) LIMITED
London Secretaries
L. J. BAINES

6 MARCH 1990

NOTE:

Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 10% instead of at the basic rate of 25% represents an allowance of credit at the rate of 15%.

PUBLIC NOTICES

MMC INVITES EVIDENCE ON THE ACQUISITION BY RANSOMES PLC OF WESTWOOD ENGINEERING AND LASER LAWNMOWERS LIMITED

The Monopolies and Mergers Commission would like evidence in writing on any aspect of the acquisition on 30 August 1989 of Westwood Engineering Limited and Laser Lawnmowers Limited by Ransomes plc.

The Commission would like evidence in writing as soon as possible and no later than 15 April 1990 to be sent to: The Reference Secretary (Lawnmowers), Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 2JT.

LEGAL NOTICES

MASTERPIECE CABINETS LIMITED

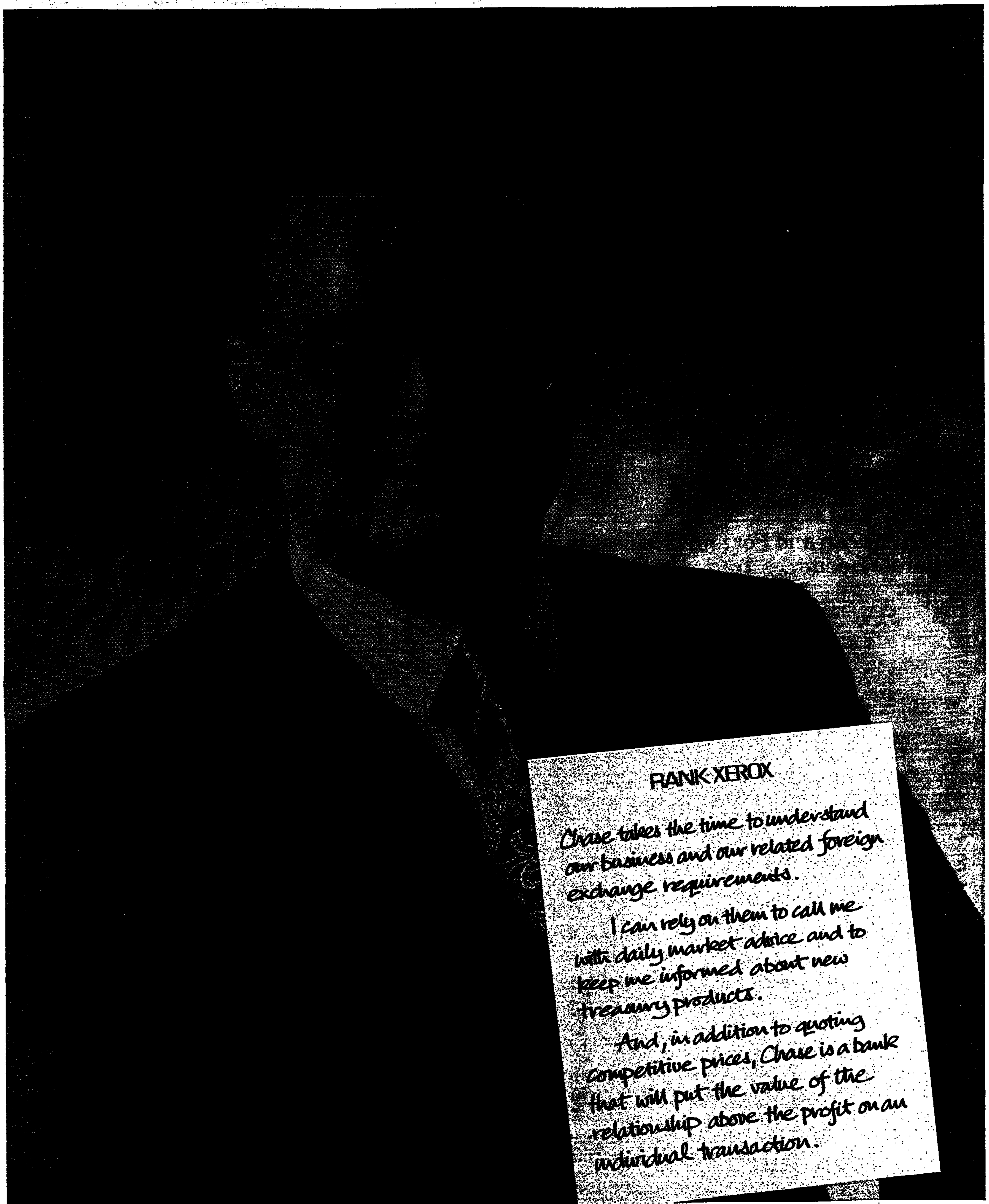
Registered number: 1409189
Trading name: Masterpiece Products
Nature of business: Wholesalers of Reproduction Furniture and Electrical Goods
Trade classification: 15
Date of appointment of joint administrative receivers: 27 February 1990
Name of person appointing the joint administrative receivers: Barclays Bank Plc
IAN NAPIER CARRUTHERS and JOHN FREDERICK POWELL
Joint Administrative Receivers
(Office holder nos 814 and 249) of Cork Gully, 43 Temple Row, Birmingham B2 5JT.

PERSONAL

RINGDAHL

Mike died peacefully after a short illness on 3rd March. Much loved and greatly missed by family and friends. Private service, no flowers.

Donations by cheque to Ringdahl Dyslexia, c/o English Reading Centre, 12 Rue Alexis, Julien 06560 Valbonne France



ANDY FARRELL, ASSISTANT TREASURER, RANK XEROX GROUP.

For further information call Karen Kelly in London on 796 4474

CHASE

Survey into building of identical chemical plants

Report finds site workers less efficient than in US

By Andrew Taylor, Construction Correspondent

PRODUCTIVITY of UK construction workers building a chemical plant in Workington, northern England, was 42 per cent lower than that of US engineers constructing an almost identical plant in South Carolina, according to a report by the National Enconomic Development Office.

The plants, completed within two months of each other in 1988, for Eastman Kodak, produce polyethylene terephthalate (PET) pellets used to manufacture plastic bottles. They were designed and built as a single project by the same management contractor, Bechtel, the large US construction group.

NEDO which studied the performance of both sets of workers said the UK and US plants were completed within time and budget and to the clients satisfaction. The Workington plant however took 1.2m man hours over 22 months. The plant in Columbia, South Carolina, took 945,000 man hours over 21 months.

Mr Alan Walker, head of Bechtel's London construction and site manager at workington said workers at Columbia were about a quarter more productive than their UK counterparts if differences in building techniques at the two sites were taken into consideration.

The NEDO report says: "Our construction performance no longer deters inward investment but after 1992 and a more open market both UK companies and particularly UK workers will find it more difficult to compete.

"Reliable construction performance is of paramount importance to clients needing to meet markets but it may not be enough to support the UK industry in a more competitive market."

The NEDO study team said: "The Workington plant, for example, used large amounts of scaffolding, customary in the UK. US contractors were prepared to work from tied ladders using safety belts and harnesses. There was also greater use of mobile platforms."

The erection and removal of scaffolding at Workington accounted for 3 per cent of the total project cost. Scaffolding costs at Columbia were just $37,000. The safety record at Columbia was slightly better.

"Despite all of this there was a disturbing gap in the productivity achieved on the two plants.

"Reliable construction performance is of paramount importance to clients needing to meet markets but it may not be enough to support the UK industry in a more competitive market."

The report revealed significant differences in the attitudes and working practices of British and US workers. Engineers working on the Columbia site spent 90 pert cent of their day on productive activity compared only around 60 per cent by workers at Workington.

"Much of the lost time on the UK plant was associated with start finish and break times," according to NEDO which said it had been greatly impressed by the virtual bell to bell working by the US labour force.

Virtually all the men working in Cumbria were members of trade unions while the Columbia plant was constructed under 'open shop' arrangements where trade unions have no jurisdiction or influence and employment terms and conditions are imposed unilaterally by the employer.

Creating a fresh image for Londonderry

Kieran Cooke and Alice Rawsthorn on revitalising the job market in an Ulster city

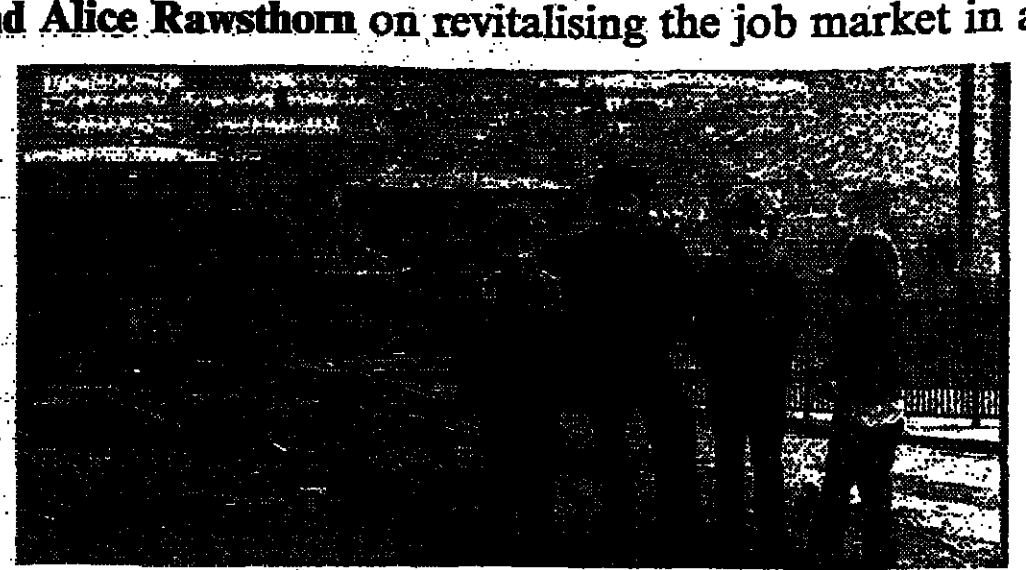
SAY it softly, but things seem to be looking up in Londonderry. The Georgian office blocks and Victorian warehouses in centre of Ulster's second city are being renovated and refurbished.

Violence could still flare up in the city where Northern Ireland's "troubles" first broke out more than 20 years. But there has been very little "trouble" in recent months. There is even talk of landscaping the army posts round the city walls.

Joblessness has always been the most intractable of Londonderry's problems. Mr John Hume, the local MP, says the area has the highest level of unemployment in the European Community. In some parts of the city, particularly in the Roman Catholic Bogside and Creggan estates, two out of every three men are unemployed.

Even the unemployment problem shows signs of abating. This week Fruit of the Loom, the US clothing company, announced plans to create 500 jobs for the city by building a £60m spinning mill due to come on stream within the next two years. The Government is supporting the project with an undisclosed sum.

Late last year another US company announced a £65m shopping and office development which will, it is hoped, create a further 1,400 jobs. "Today there is a new mood of confidence in Londonderry, things are happening," says Mr Richard Needham, Northern Ireland's Economy Minister.



Londonderry 10 years ago: now Fruit of the Loom is creating 500 sorely needed jobs

Local people are justifiably sceptical. In the past industries have announced grandiose projects for the city, only to move out shortly afterwards. But those that have stayed, such as Du Pont, the US chemicals company, are fulsome in their praise for the local workforce.

If Fruit of the Loom's investment does achieve all that is promised, it could have far-reaching benefits not only for employment prospects in Londonderry but also across the border with the Irish Republic in County Donegal.

Three years ago Fruit of the Loom went into partnership with the local McCarters company to establish a manufacturing base for its European market at Buncrana in the republic, 15 miles from Londonderry.

The project, supported financially by the Irish Government, now employs 1,700 people. That figure is likely to grow to 2,600 by 1992, which will make Fruit of the Loom/McCarters by far the largest manufacturing employer in the Irish Republic.

The arrival of Fruit of the Loom has already had a significant impact on the area. The unemployment rate in Donegal – at 27 per cent – is the highest in the Irish Republic. The Fruit of the Loom plant has emerged as a sorely needed source of jobs.

The chief cause of concern is the financial condition of Farley Industries, the giant US industrial group headed by Mr Bill Farley, which owns Fruit of the Loom. Farley expanded at a rapid rate in the 1980s through a series of highly leveraged deals culminating in last year's $1.6bn (£1bn) bid for West Point-Pepperell.

Ever since it was first announced, the West Point deal has come under fierce criticism. Wall Street analysts claimed that Mr Farley had offered too high a price for a troubled company.

Mr Farley has since been struggling to complete the deal. He has not been able to raise as much as he had hoped from asset disposals and was hit by legal action from a West Point shareholder. West Point recently reported falling into a $52m loss in the first half of its present financial year.

The spectre of Farley Industries' financial problems are particularly pertinent in Northern Ireland, which is still scarred by the memory of the Delorean car company's collapse in the 1970s. The last thing the Government wants is to be associated with yet another unsuccessful subsidised project for a US company in Northern Ireland.

Local politicians claim to be optimistic about the project and Mr Farley sees it as the first phase of his plans for expansion in the region. The politicians hope his commitment will be seen as a vote of confidence in the region and other companies will follow.

Picture of debt springs from survey

By David Barchard

A PICTURE OF hundreds of thousands of British families, most of them young and poor, struggling to cope with multiple debts emerges from a report published today by the Policy Studies Institute, an independent research body.

The report, sponsored by the Office of Fair Trading and the Department of Social Security, as well as more than 40 banks, building societies, says that more than 2m of the 21m households in the UK faced debt problems last year.

More than 4m householders are heavy credit users, with four or more different commitments.

Problem borrowing by consumers amounts to a total of more than £2.9bn in the UK, with an average problem debt of more than £600.

Those worst affected are more than 560,000 households which have large arrears on debts to at least three lenders.

Most borrowers tend to be young, usually people in their twenties or thirties. Borrowing levels drop sharply among the older age groups and people over seventy tend to have virtually no debts.

The report says that high levels of credit usage are not necessarily dangerous for everyone. Well-off households, with net incomes of more than £250 a week, tend to have few debt problems even if they are heavy credit users.

"The link between borrowing and getting into debt is no where near as simple as one would assume it might be." said Mr Richard Berthoud, one of the report's two authors. "Low income combined with high credit commitments is what predisposes persons to go into debt."

"The volume of consumer credit advanced has doubled in real terms, but the only indicator that things have got worse for borrowers is an eight-fold increase in evictions by building societies between 1980 and 1987. Credit lenders argue that they are targetting the market more accurately and decreasing the risk of lending."

One finding of the report is that although mortgage debt is getting more serious, rent arrears are still far more common. Homebuyers, however, who fall behind with their mortgages have a much higher average outstanding, than the £270 average level for rent arrears.

The growth of the consumer credit industry has changed some popular attitudes.

Though people today borrow more heavily than they did ten years ago, survey findings in 1979 and 1989 suggest that their attitude to credit is more critical and more cautious than it was ten years ago.

Scargill: denies allegations

Scargill faces pressure for open inquiry

By John Gapper, Labour Editor

MR ARTHUR Scargill, president of the National Union of Mineworkers, yesterday faced growing pressure for a public inquiry into allegations over his handling of money during the 1984-5 miners' strike, after Mr Neil Kinnock, the leader of the opposition Labour Party, joined calls for a such an investigation.

The Labour leader said there should be an inquiry into allegations that £163,000 was given to the union by the Libyan Government during the strike and that some of it was used to pay mortgages and home loans of NUM officials.

Mr Scargill repeated his denial that any money had been received from Libya, or that NUM funds were used improperly to pay off mortgages and home loans for him and Mr Heathfield. He also denied that Libyan funds had been put into a Polish bank account which was unknown to NUM accountants and of which he and Mr Heathfield were signatories.

Calls for an inquiry were also made by Mr Norman Willis, TUC general secretary, and NUM leaders. The unanimity on the need for an inquiry into allegations by Mr Roger Windsor, the former NUM chief executive, will increase pressure on Mr Scargill and Mr Peter Heathfield, NUM general secretary. The two men are to report on the allegations at a special NUM executive meeting in Sheffield on Friday.

Mr Kinnock, however, said NUM members and officials would want a formal public inquiry to clear the air. He said Mr Scargill had an interest in ensuring that "everything is out in the open and thoroughly inquired into." Mr Kinnock's intervention followed calls for an inquiry from Labour MPs.

Mr Scargill is likely to face considerable pressure from members of the 15-man executive on Friday. The Scottish area NUM yesterday voted in favour of a full public inquiry.

Cost for foreign banks of London branch £1m-plus

By David Lascelles, Banking Editor

THE COST to foreign banks of running a small branch in London is now close to £1m a year, while the cost of a medium sized branch is nearly £2m.

According to the latest survey of banking costs by Noel Alexander Associates, the consultancy firm, it now costs £1.7m to open a small branch employing 12 people and occupying 3000 square feet. The annual running cost of £963,900 represents an increase of 7.6 per cent from the year before.

It costs £3.3m to open a medium sized branch of 36 people in 5000 square feet. The running cost of £1.96m compares with £1.73m in the previous year's survey.

The survey assumes banks want to occupy prime City of London premises. Costs can be substantially reduced, the survey points out, by moving to cheaper locations on the fringes of the City.

Bank case studies Feb 1990. Noel Alexander Associates, 91, Gresham Street, London EC2V 7BL. Tel: 01-796 4322

FT LAW REPORTS

Consultation fee is valid

REGINA v LONDON BOROUGH OF RICHMOND, EX PARTE McCARTHY & STONE (DEVELOPMENTS) LTD
Court of Appeal (Lord Justice Slade, Lord Justice Mann and Sir David Croom-Johnson): February 28 1990

A PLANNING authority may charge a fee for consultation in respect of prospective speculative development or redevelopment proposals, in that such charges form part of the arrangements into which the authority is entitled to enter to facilitate performance of its statutory duty to deal with planning permission applications.

The Court of Appeal so held when dismissing an appeal by McCarthy & Stone (Developers) Ltd from Mr Justice Popplewell's decision that the London Borough of Richmond upon Thames was entitled to charge a fee for pre-application planning consultations.

LORD JUSTICE SLADE giving the judgment of the court, said that the council was a local planning authority. By section 29 of the Town and Country Planning Act 1971 it had a duty to determine applications for planning permission.

It was common practice for persons contemplating development or re-development proposals, to seek the informal views of the planning authority officers, to discover whether the proposals were likely to be acceptable.

Pre-application consultation had been encouraged by the Secretary of State.

On July 2 1985 the council passed a resolution that a £25 charge be made for enquiries relating to speculative development or re-development proposals.

The fee was intended to be in reimbursement of the cost of officers' time rather than to produce a profit. The evidence suggested the charges related only to a modest proportion of total time spent.

In August 1986 the council charged McCarthy & Stone a £25 fee for a meeting to be arranged with the planning officer to discuss proposals to develop sheltered housing for the elderly at Mortlake. The developers questioned the legality of the charge. In January 1987 they paid a similar fee under protest.

In a number of letters the developers contended that the council had no statutory authority to levy such charges, and asked it to reconsider its policy. On October 27 1987 the council wrote to inform them that it did not propose to revoke the policy.

The developers applied for judicial review seeking an order quashing the council's decision, and a declaration that it had no power to charge fees.

It was common ground that the council could only do what statute required it or permitted it to do, and that it was for the council to identify the statutory power which enabled it to levy the fees.

The council relied on section 111 (1) of the Local Government Act 1972.

Section 111 (1) provided that a local authority should have power to do "anything . . . which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions."

It was common ground that section 111 (1) was wide enough to empower the council to take part in pre-application consultation, since such activity was calculated to facilitate or was conducive or incidental to the discharge of its planning functions under section 29 of the 1971 Act.

The developers' case was that the subsidiary powers conferred by section 111 (1) were not wide enough to authorise the council to charge potential applicants who wished to avail themselves of those facilities, however reasonable the charges might be.

Mr Scrivener for the developers submitted that a local authority had no power to levy money without the sanction of Parliament.

In their notice of appeal the developers submitted that Mr Justice Popplewell erred in holding that the terms of section 111(3), which prohibited the raising of money "by means of rates, precepts or borrowing" except in accordance with statute, did not operate to prohibit such planning consultation charges.

If Mr Scrivener repeated that submission, it was rejected.

The list of methods of raising money set out in subsection (3) was exhaustive. It was not contended that the raising of money in the present case was by means of "rates, precepts or borrowing." Section 111 (3) therefore imposed no *restrictions on the council's* power for present purposes.

In support of his submission that explicit statutory authority was required for the imposition of charges, Mr Scrivener referred to many examples where statute had conferred on local authorities an explicit power to charge for services.

They included charges for admission to educational or cultural events; recreational facilities; school meals; entertainment, dances and arts or crafts exhibitions; and land charge searches.

Mr Scrivener submitted that those examples all illustrated the general principle that if local authorities were to have power to raise money for any purpose, such power must be explicitly conferred by Parliament. The incidental powers given by section 111 did not, he argued, suffice for that purpose.

He referred to two cases where attempts by governmental authorities to impose charges were held to be *ultra vires*.

In *AG v Wilts United Dairies (1922) 38 TLR 780* the House of Lords held that a charge of two pence per gallon as a condition of the grant of a licence to purchase milk was void.

Lord Buckmaster said the character of the transaction was that "people were called on to pay money . . . for the exercise of certain privileges. That imposition could only be properly described as a tax which could not be levied except by direct statutory means."

In *Congreve v Home Office [1976] QB 629* the Court of Appeal held unlawful demands of £6 by the Home Secretary as the price of refraining from revoking a valid and subsisting television licence. Lord Denning said the demands "were an attempt to levy money for the use of the Crown without the authority of Parliament."

If the doing of any thing was to be authorised by section 111 (1), it must be "calculated to facilitate" or be "conducive or incidental to" the discharge of one or more of the council's functions.

The developers did not dispute that the provision of consultation facilities were calculated to facilitate, or were conducive to or incidental to the discharge of the function of determining planning applications. But, they submitted, the line must be drawn there. The council was under no obligation to offer those facilities, but if it chose to do so, it must do so for no payment.

There was a fallacy in that argument. The present case must be distinguished from cases where the local authority was under a duty to offer a service.

If Parliament had imposed a duty on a local authority, but had not authorised it to charge for performance of that duty, it was not open to the authority to claim that imposing charges was calculated to facilitate, or was conducive or incidental to, the discharge of such duties.

Also the court accepted that in numerous instances where Parliament had conferred a specific power, it had at the same time stated whether or not charges might be imposed for the exercise of the power.

The present case, however, was *not a case of that type*.

The legislature had specifically conferred on planning authorities neither a duty nor a power to give pre-application advice. The power to give such advice was itself merely a subsidiary power, enjoyed by the local authority by virtue of section 111 (1).

It arose simply because it was "calculated to facilitate" or was "conducive or incidental to" the discharge of its planning functions, and was thus within section 111 (1).

It was common ground that the council was under no obligation to provide the consultation facility. If it were to refuse to do so, its refusal would clearly not be open to judicial review. The challenge was simply to its unwillingness to provide the service save on payment of a fee of £25.

All that the council was doing was stating on a take-it-or-leave-it basis that it was willing to enter into a pre-application consultation arrangement if, as part and parcel of the arrangement, it was paid a stated reasonable fee by way of reimbursement for expenses.

It was clearly open to the council to regard the making of such an arrangement as falling within the subsidiary powers conferred on it by section 111 (1).

The appeal was dismissed.

For the developers: Anthony Scrivener QC and Richard Rundell (Metson Cross & Co).
For the council: Elizabeth Appleby QC and David Mole (borough solicitor).

Rachel Davies
Barrister

De Beers

Provisional annual financial statements for the year ended 31st December 1989 and notice of declaration of dividend No. 140 on the S ordinary and deferred shares.

The following are the unaudited abridged consolidated financial statements for the year ended 31st December 1989 together with comparative figures for the year ended 31st December 1988.

Year ended 31st December 1988 (US$ millions)	1989 (US$ millions)	Consolidated income statement	Year ended 31st December 1989 (R millions)	1988 (R millions)
1 036	1 158	Diamond account	2 942	2 467
153	204	Investment income	518	366
143	294	Other interest	748	340
4	4	Loans previously written off now recovered	10	9
4		Net surplus on realisation of investments		9
1 340	1 660		4 218	3 191
		Deduct:		
103	107	Prospecting and research	271	245
6	7	General charges	19	15
25	34	Interest payable	85	59
134	148		375	319
1 206	1 512	**Profit before tax**	3 843	2 872
		Deduct:		
223	306	Tax	778	531
18	11	Mining lease consideration	29	42
241	317		807	573
965	1 195	**Profit after tax**	3 036	2 299
		Deduct:		
87	67	Profit attributable to outside shareholders in subsidiaries	169	207
1	1	Dividends on preference shares	2	2
88	68		171	209
877	1 127	**Attributable earnings**	2 865	2 090
366	482	Share of retained profits after tax of associated companies	1 223	871
1 243	1 609	**Equity accounted earnings**	4 088	2 961
		Add:		
122	(5)	Share of extraordinary profits/(losses) of associated companies	(11)	290
1 365	1 604		4 077	3 251
		Deduct:		
602	616	Transfers to reserves including share of retained profits of associated companies	1 566	1 434
		Equity dividends – 280 cents per share (1988: 200c)	1 064	760
319	419	– 110 US cents (1988: 84 USc)		
921	1 035		2 630	2 194
444	569	**Increase in unappropriated profit**	1 447	1 057
		Earnings per equity share before extraordinary items – cents:		
231	297	– excluding share of retained profits of associates	754	550
327	423	– including share of retained profits of associates	1 076	780
		Exchange rate at end of year:		
		Rand/US Dollar	$0.3935	$0.4198
		US Dollar/Rand	R2.5410	R2.3820

31st December 1988 (US$ millions)	1989 (US$ millions)	Consolidated balance sheet	31st December 1989 (R millions)	1988 (R millions)
8	7	Equity share capital	19	19
2 107	2 479	Non-distributable reserves	6 301	5 020
3 445	4 058	Distributable reserves	10 310	8 205
5 560	6 544	Equity shareholders' funds	16 630	13 244
3	3	Preference share capital	7	7
88	104	Outside shareholders' interests in subsidiary companies	265	210
194	244	Long- and medium-term liabilities	620	462
5 845	6 895		17 522	13 923
		Fixed assets:		
138	146	Claims, mining interests and property	371	329
81	101	Plant, permanent works and buildings	256	192
137	128	Unlisted trade investments Directors' valuation R4 945m ($1 946m) – 1988: R3 790m ($1 591m)	326	326
223	210	Listed trade investments Market value R788m ($221m) – 1988: R538m ($140m)	534	533
579	585		1 487	1 380
89	114	Stores and materials	289	213
2 003	2 476	Diamonds stocks	6 291	4 771
1 990	2 399	Listed investments Market value R14 541m ($4 137m) – 1988: R8 597m ($2 301m)	6 096	4 739
251	293	Unlisted investments Directors' valuation R1 312m ($516m) – 1988: R1 148m ($482m)	743	598
68	114	Loans	294	162
4 980	5 981		15 200	11 863
		Current assets:		
1 440	1 684	Cash	4 280	3 430
268	326	Other current assets	829	639
1 708	2 010		5 109	4 069
		Less:		
		Current liabilities:		
127	169	Tax	430	303
248	325	Dividends	828	590
432	545	Creditors	1 385	1 029
36	57	Bank borrowings	144	87
843	1 096		2 727	2 009
865	914	Net current assets	2 322	2 060
5 845	6 895		17 522	13 923

Notes and comments

1. Diamond sales
CSO sales in 1989 expressed in the currency of sale at US$4 086 million were fractionally lower than the previous year. Expressed in rand at sight rates averaging $0.3833 for the year (1988: $0.4403), sales increased by 12.5 per cent to reach a record of R10 662 million. There was a 15.5 per cent average increase in the price of diamonds sold by the CSO effective from the March 1989 sight.

2. **Diamond stocks** at R6 291 million increased by R1 520 million comprising an adjustment of R312 million attributable to the lower rand/dollar exchange rate as applied to opening stocks as well as an increase in stocks of R1 208 million.

3. The market value of listed investments has been converted into dollars at the financial rand rate whereas the commercial rate has been used for unlisted investments. The directors believe that the valuation of unlisted investments is conservative.

4. The board has decided to make a third allocation of 10 shares to those employees wishing to participate in The De Beers Employee Shareholder Scheme and the shares accepted in terms of this offer will qualify for the final dividend in respect of the year 1989.

5. *The board has announced a* ***proposed rearrangement*** whereby the Company's South African and foreign business will be held through separate securities which will be traded as stapled units. A more detailed announcement will follow.

DIVIDEND

On Tuesday, 8th March 1990, the directors of the Company declared the final dividend No. 140 on the S ordinary and deferred shares for the year ended 31st December 1989, as follows:

Amount (South African currency)	217.5 cents
Last day to register for dividend (and for changes of address or dividend instructions)	Friday, 23rd March
Registers closed from to (inclusive)	Saturday, 24th March Friday, 6th April
Ex-dividend on Johannesburg and London stock exchanges	Monday, 26th March
Currency conversion date for sterling payments to shareholders paid from London	Monday, 26th March
Dividend warrants posted	Tuesday, 8th May
Payment date of dividend	Wednesday, 9th May
Rate of non-resident shareholders' tax	13.50 per cent

The full conditions relating to the dividend may be inspected at the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom.

For and on behalf of the board
J. OGILVIE THOMPSON } Directors
N.F. OPPENHEIMER

6th March 1990

Head Office: 36 Stockdale Street, Kimberley, South Africa
London Secretaries: Anglo American Corporation of South Africa Limited, 40 Holborn Viaduct, London EC1P 1AJ
Transfer Secretaries: Consolidated Share Registrars Limited, 40 Commissioner Street, Johannesburg, (P.O. Box 61051 Marshalltown 2107)
Barclays Registrars Limited, 6 Greencoat Place, London SW1P 1PL

De Beers Consolidated Mines Limited
Company Registration No. 11/00007/06
(Incorporated in the Republic of South Africa)

TECHNOLOGY

In a second article about British Aerospace's R&D, **David Fishlock** explains the role of the company's central laboratories

Flying high by digging deep

Scientists swoop low over 25 square kilometres of a West German plain, trying to spot tanks tucked among houses and trees. The plain, however, is in a laboratory near Bristol, and the scientists are flying a unique model that simulates the topographical texture and every distinctive feature, such as chimneys and church spires, of an area used intensively for training British troops.

British Aerospace claims it is the most sophisticated terrain model of its kind, capable of simulating a reconnaissance aircraft slewing across the landscape at the equivalent of Mach 1 (speed of sound) searching for targets.

"British Aerospace has got to think big about what it does with its technology," says Robert Chisholm, founding director of the Sowerby Research Centre.

Sowerby has been BAe's corporate research centre for the past seven years. Its emphasis is on what Chisholm calls "real research" – it has a five-to-15-year perspective – and on youth. It employs more than 150 scientists (average age 29) and plans to expand to 200 this year.

Neither BAe, formed in 1978, nor its precursor, British Aircraft Corporation, had a central laboratory. James Sowerby, then technical director of the weapons and space business, was worried about the risks privatisation would present to research. By 1981 he had persuaded BAe's board that it must have its own research centre. When it opened at Filton in 1983 the board named it after him as a retirement gift.

The Sowerby Research Centre set out to work closely with scientists in the operating companies. Where BAe had recognised centres of expertise, such as microwave technology in its dynamics business, there was no attempt to duplicate. Sowerby would pay the businesses to do the research it wanted.

The centre has no guaranteed income but has to struggle for all its turnover, says Terry Knibb, who recently replaced Chisholm as head of the laboratory. He expects to muster £14m this year. It funded the £300,000 terrain model as an investment in a research tool required by its psychologists for experiments in man-machine interactions related to weapon aiming. The lab is also hired out for pilot training.

Of the £14m, about £10m will come direct from BAe businesses "as an agreed contribution to our core programme," although the funding is agreed year by year. The main patrons include dynamics, missiles, space systems and Royal Ordnance. A condition of that support is often that scientists from the subsidiaries have access to Sowerby's research tools for their own experiments.

The remaining £4m will come from research contracts for organisations such as the DTI and MoD, and from programmes such as Esprit, the EC's information technology research initiative. Sowerby operates as a BAe business reporting to head office in London, not because it is required to show any profit but to ensure that its research remains relevant.

Its terms of reference are to act as the focus for BAe's long-range research, rather than to see this as its exclusive patch, says Knibb. Its bailiwick is the generic research necessary for the technical health of the whole company, not just the "high-technology" businesses.

Sowerby managers talk of "key topic areas" and currently do research in five: materials and manufacture, information technology, control technology, electro-magnetic technology and aerospace. While this is by no means "blue-sky" research for its own sake, there are opportunities to explore such remote areas as as high-temperature superconductors.

In superconductivity, BAe is interested in the low-power possibilities, such as low-noise microwave engineering, says Alan Levinson, chief scientist at Sowerby. Sowerby works as part of an industrial "club" organised by the DTI and including such companies as STC and Cookson.

In laser technology, however, it is the high-power possibilities of the excimer laser that interest the centre. This is a very short-wave system operating in the ultraviolet band of the electro-magnetic spectrum. It can generate sufficient energy to break chemical bonds. Its beam focuses finely enough to perform micro-miniature machining.

Sowerby's flagship project is its participation in a £7m excimer laser project for Eureka (a 19-nation programme to enhance European industrial competitiveness). BAe has pledged a third of that cost. The laser has an average beam power of 0.5kW delivered in 20-nanosecond pulses at a rate of 1,000 per second. It will be several times as powerful as the excimer lasers available commercially and the laboratory hopes to have it running next year. It will be the progenitor for the full-scale 1kW Eureka laser to be assembled at the Culham Laboratory of the UK Atomic Energy Authority.

Several BAe businesses are supporting excimer laser research. Commercial aircraft at Bristol, for example, uses an earlier Sowerby development as a high-speed marking tool for its cables (see accompanying article) and may also use it to machine novel composite and ceramic materials.

Manufacturing technology ranks highly at Sowerby. "The health of the company depends on whether it can manufacture efficiently," says Knibb. To use composites in demanding roles, such as a wing, means understanding their micromechanics "at a level of structure we don't normally engage in at our engineering companies," says Robert McEwen, in charge of research into structural materials. He studies samples of the composite components already being made. McEwen maintains that a deeper understanding at this level could cut business development costs for these materials by "a very big factor."

BAe's terrain model simulates a German plain for target experiments

What is already clear is that composites do not behave like metals, which are very tolerant to damage. McEwen has instruments that can examine single layers of atoms actually at the interface, binding fibre to matrix materials for instance; and extract and measure the properties of a single fibre.

How damage begins in a composite is of compelling interest to BAe. In addition to cutting development costs, it has important implications for military armour and hence weapons technology. But the kind of computational physics being carried out to simulate what happens when materials are subjected to extreme rates of deformation also has implications for the "crash-worthiness" of a car.

The first article appeared on February 28.

Strong, silent laser makes its mark

SPECTRUM Technologies is Sowerby's first commercial spin-off. Formed late last year to exploit excimer laser processing, it comes under the aegis of BAe Enterprises, set up to foster new businesses, but retains close links with the laboratory, says Peter Dickinson, director and manager.

Its first product is the cable marking system developed by Dickinson for the commercial aircraft business. Cables must be marked indelibly at frequent intervals to minimise the risk of confusion.

Sowerby found that a powerful excimer laser acted locally through a mask to make an indelible change in the crystal structure of the titanium dioxide filler used in insulation. Moreover, it pulsed at a rate high enough to mark cable travelling at 80 metres a minute.

Sowerby delivered a computer-controlled prototype system for the production line last summer. This helped convince management that it had a technology worth spinning off into a business.

As Dickinson sees it, the cable marking system is "an ideal application for the excimer laser," compatible with computer-integrated manufacture and providing the quality expected in aerospace. He has already quoted for 16 systems.

But Dickinson says the excimer laser is subtler, and therefore more versatile, than the brute force of high-power infrared lasers, which work simply by melting and evaporating material, a procedure which has been known to lead to the workpiece bursting into flames.

Experts learn to share component designs

The trouble with flexible manufacturing systems is that they are so flexible and so capable. If a company is going to take advantage of all the opportunities offered by an FMS, enormous programming resources are required as well as huge stocks of cutting tools and fixtures.

Only with a considerable inventory of this type can an FMS respond quickly to the whims of the market and to other unpredictable events in the company's manufacturing environment.

Facing this dilemma, Somet, an Italian textile machinery maker, is branching out in a new direction. At its recently installed FMS at Colzate in northern Italy it is putting to use a new expert system for computer-aided process planning (Capp).

Process planning is the task of creating the "recipe" that will manufacture a specific product: the material it will be made of, which machines and machining processes will be required, and the cutting tools and fixtures needed. The numerically controlled (NC) cutting programs can then be created and the cutting tools and fixtures assembled.

Until now, every new component going on to the FMS needed its own specific process plan. But there is no reason why components with similar features cannot follow the same design process plans.

The Capp system going into service at Somet aims to identify these similarities so that elements of existing process plans and manufacturing data can be re-used. For example, two different components incorporating the same machined feature, such as a drilled sequence of holes, might be able to use the same cutting tool and section of an NC program relating to the drilling sequence. It would save programming time and reduce the size of tool store.

Somet is setting up a database containing all existing component designs and their respective process plans, carefully organised and coded. The methodology has been developed by Somet's FMS supplier, the Italian machine tool company Mandelli.

This database, coupled with an expert system, will enable component designs to be analysed and similarities to existing components to be highlighted. In Somet's case, designs will be sent directly from the company's Apollo Cad system via an Ethernet local area network to the IBM PC on which the Capp software runs. Once design similarities have been found, existing process plans can be accessed, modified as necessary and put into action.

Mandelli, however, is not giving much away at present. It takes time to build up a sufficient database of components before results are obtained. However, the company, which is a leading supplier of FMS in Europe, believes it is only a matter of time before Capp becomes one of the FMS management software modules on offer.

For Somet, the increased flexibility will help the search for competitive advantage. The company is pushing FMS to its limits in more ways than one. Many FMS users have shied away from unmanned operation, principally because of unpredictable failures. At best, a failure will result in reduced production during the unmanned period; at worst, it could mean production has to be scrapped.

The latter is often due to unforeseen wear on cutting tools, a problem which Somet has overcome by innovative use of monitoring systems. The allocation of a programmed cutting life has become a standard feature of FMS operation. Using this method, each tool is automatically replaced after it has been cutting for a set number of hours.

Somet also monitors and adjusts the tool performance continuously with special instruments fitted to the spindles on the machining centres. The power absorbed by the tool as it cuts is measured to give an indication of its state of wear.

At the same time, the cutting speed and feed rate of the tool is automatically modified to maintain an optimum cutting condition at the tool point. If, during this process, the amount of adjustment rises above set limits, it is a sign that a dangerous state has been reached. The operation is immediately terminated and the tool is withdrawn from use to prevent any further scrap being produced.

Power monitoring, as just described, is not sufficient for the fine tools of less than 20 mm diameter where the tips are liable to break without warning. For these, an inductive sensor has been mounted at the side of the six machine beds in the Somet FMS.

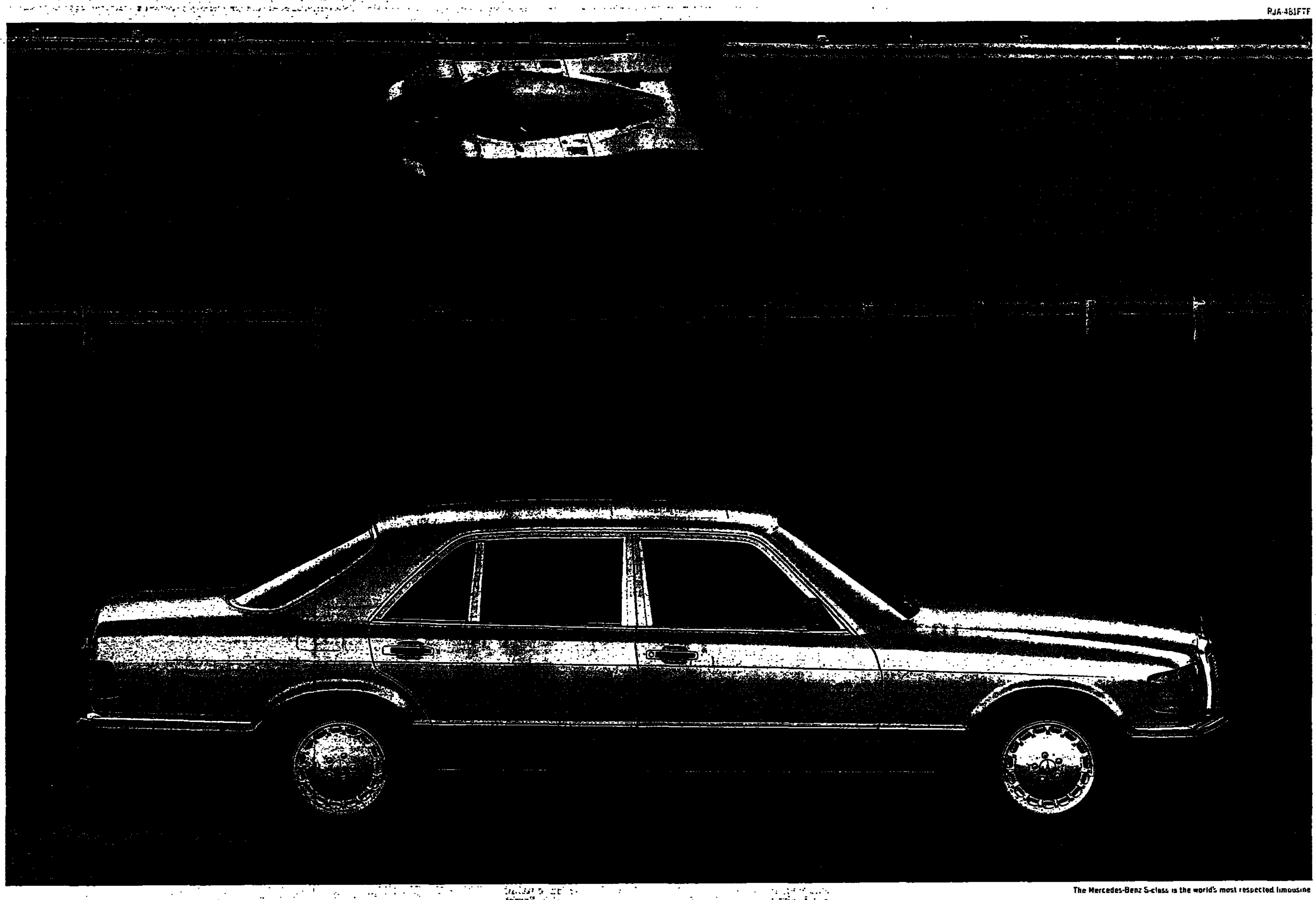
Following each cutting operation, the tool in the spindle is passed in front of this sensor. If no signal is registered it means that the tool tip is missing. The damaged tool is automatically withdrawn and the workpiece that has just been machined is also designated as faulty.

With these precautions, Somet has been able to realise an impressive 86 per cent utilisation of its FMS during an average 24-hour period. Operating six days a week, the FMS is run with alternate six-hour shifts unmanned.

But even that does not satisfy all demands. A further three machining centres are likely to be added within the next two years. Somet's ambitions also include introducing an on-line robot finishing cell into the FMS within 12 months and creating a completely integrated manufacturing plant.

Anna Kochan

TECHNOLOGY MARKET



The Mercedes-Benz S-class is the world's most respected limousine

The Mercedes-Benz S-class. A less opulent version won the 1989 World Sports Car Championship.

There's more common ground between the Mercedes-Benz S-class and the Sauber-Mercedes World Sports Car Champion than meets the eye. In fact, they're as closely related as their hugely different roles in life allow, each dominating its niche with unanswerable conviction.

Unrivalled Refinement

The S-class is a car of unique on-road presence and refinement that continues to define the luxury motoring experience.

It has to do with the perfect fusion of many things: the refinement and effortless muscularity of the six-cylinder and V8 engines; the harmonious balance of the springing and damping; the flawless construction; the quality of interior appointments; the strength of the body shell; the grace of the body line. The silence.

Explosive Power

Take a purposeful drive in a Sauber-Mercedes, however, and your first response will be a sharp intake of breath. The rock-hard ride, shattering noise levels and savage cornering powers will probably exhaust you before a single racing lap is complete. But after such an outing, you'll at least understand why the S-class engine is so reassuringly robust.

Look in each engine bay for the powerplant they share: the racing version delivering explosive performance for up to 24 hours at a time; the S-class working its passage for a lifetime – unobtrusively, powerfully, and with unstinting reliability. The six-cylinder 300SE offers 130mph-plus autobahn potential, and the flagship V8 560SEL, 156mph and 0-60mph in less than 6.9 seconds. (Manufacturer's figures.)

Unmatched Experience

The well of motoring experience that Mercedes-Benz draw on is unmatched by any other car manufacturer. And it's a tradition that sustains the pre-eminence of the seven-car S-class range.

Pity, therefore, the hard-pressed driver of the Sauber-Mercedes. His car makes room for only the S-class's V8 – not its interior opulence.

WORLD SPORTS CAR
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MANAGEMENT

Women at work

The family's place in a company's fortunes

Andrew Jack reports on three award-winning US companies

With more and more women entering the US labour market, family matters are assuming more importance in the workplace. Many companies are now responding with work and family programmes; they fear that they may lose some of their best employees.

Three such company programmes were honoured last night at the 15th annual awards dinner of Catalyst, a New York-based organisation which supports women's career and leadership development.

US Sprint Communications, a long-distance telephone company founded in 1986, has launched "FamilyCare" for all its staff around the country. It offers flexible working arrangements, adoption assistance, personal and family counselling, relocation help, and pre-tax payroll deductions and a dependent care resource and referral service.

Similar initiatives are run by the two other award winners. John Hancock Financial Services has a nationwide Family Care Issues programme which includes "Kids to Go" which provides special activities for children during school holidays; Eastman Kodak companies' work and family programmes incorporate spouse relocation assistance, two hours of consultation to find suitable childcare and up to three referrals.

The Catalyst judges were impressed by Kodak's commitment to its policies during difficult financial times. "Despite extensive cutbacks last year, they did not touch these programmes," says Julie Harris, chairman of the evaluation committee.

John Hancock was praised for launching practices "tailored to the company's demographics and specific needs in a very tight labour market, with a real need for retention," adds Harris. US Sprint demonstrated "an entrepreneurial culture which allowed them to implement family policies very quickly."

The different programmes have been well used: 2,200 children were placed in childcare through Kodak's referral service between July 1988 and December 1989; 658 staff have taken advantage of its family leave programme. Sprint's referral services are being taken up by a higher percentage of its workforce than the national average of those seeking childcare assistance.

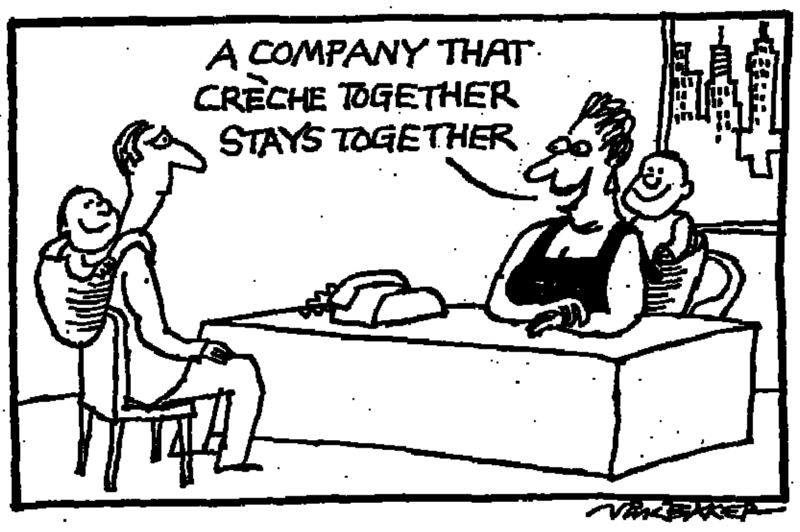
Each of the three companies has responded to a growing proportion of women in its workforce. At Hancock's Boston headquarters 60 per cent of employees are female, while 20 per cent have at least one pre-school age child and 15 per cent a child in school. Women comprise half of US Sprint's 16,500 workers; almost two thirds of entrants to the national labour market during the 1990s will be women.

While childcare has long been recognised as an issue for women in the workplace, today's so-called "sandwich generation" is also responsible for caring for elderly parents, as well as pursuing a career. "It seems to be women who are the caretakers of children and the elderly," says Harris. "This distracts from their energy and productivity at work."

"We support our employees as they struggle to balance the demands of family and work life," said James Morton, Hancock's chief executive officer, at yesterday's dinner. "Although some would prefer to believe otherwise, those family and work demands clearly do compete in the lives of a growing number of our employees, and for many of them that competition forces them to make difficult choices."

"We're committed to increased productivity, and want a challenging, competitive environment," says Deb Holt, human resources manager for US Sprint. "If you don't recognise family policies, you will lose the best from your workforce. We chose to be a front runner."

Colby Chandler, chief executive officer of Eastman Kodak, also embraced the goals of workforce diversity, which, he said, "are an integral part of Kodak's business plan, not because we are required or expected to accelerate our efforts but quite simply we believe it is the right thing to do for our people, our business and our customers."



"We operate according to a bottom-line philosophy," said Hancock's Morton, "so we always have practical reasons for implementing policies others see as being socially responsible." Spokeswoman Pam Kruh adds that "we have the impression our work and family programmes increase productivity, reduce turnover and absenteeism, improve morale, and make recruitment easier."

All three companies claim that work and family policies are well worth the expense. "Greater staff retention saves us training and recruitment costs and the more nebulous productivity gains of employee satisfaction," says Al Bergerson for Kodak.

But none of the award winners has calculated the full costs and benefits, however. "We're content to know that we're getting more in return than we are spending," says Bergerson, who claims to know the costs of Kodak's programmes but will not reveal the figures. "Much of the return is not quantifiable," he argues. "We don't know what to track, and it would be too expensive to do so."

"We know intuitively the return on investment," says Deb Holt. "The costs are inconsequential compared with the benefits. Like health care, family programmes may be costly, but no organisation would contemplate doing away with them. We believe they may soon become more important than benefits are now."

With women now re-entering the workforce in large numbers, Catalyst is amending its role towards helping women to move up within their companies. The group's remit is not simply to recruit and retain women. "Aside from family support," says Felice Schwartz, its president, "corporate leaders must address the leadership development needs of their women employees."

Women lead with a natural empathy

By Michael Dixon

How will management styles change as women take over more and more executive jobs from men? The signs are that many organisations will soon find out by experience, especially in countries where women's ambitions for high-rank work will be reinforced by shortages of young recruits.

At a company level, the results are unlikely to be consistent. Individual executives differ markedly from each other, whatever their sex. So, except in big organisations, a shift in the male/female balance at the top will probably be less decisive than the particular personalities involved. Nevertheless, the shift seems sure to have an effect on management styles overall.

Some pointers to what it may be have been provided by Jackie Granleese of Queen's University, Belfast. She has followed up research on men and women executives in the US by making similar studies of their counterparts in Northern Ireland.

In both cases the managers completed a test devised by American psychologists which divides people's ways of working into four different styles of operation, which can be depicted as follows:

Analytical: logical thinker	***Conceptual: visionary thinker***
Directive: presses for fast results	***Attentive: nurtures people***

Rarely if ever does anybody fit entirely into one category. People's styles almost always emerge as a mixture of all four.

Even so, individuals vary appreciably in the extent to which they are more analytical than conceptual or vice versa, and likewise either more or less directive than attentive. And although the test's scoring system is complicated, the percentage of the total score taken up by each of the four traits of style gives a guide to its relative importance.

The studies made by the American psychologists Rowe and Boulgarides in 1984 covered equal numbers of men and women managers – 108 in each case. The results for the separate sexes were:

US managers	Men %	Women %
Analytical	30.0	28.8
Directive	27.0	26.9
Conceptual	24.1	23.7
Attentive	18.9	20.6

While the ranking of the traits was the same, therefore, the women were marginally less analytical, directive and conceptual than the men. But they were significantly more attentive in the sense of taking account of subordinates' needs as people and encouraging them to develop their skills, as distinct from treating them like machines whose sole function is to complete the tasks they are handed.

In Northern Ireland, Granleese was unable to find more than 60 women managers to take the test although she had no trouble in enlisting 230 men. The results for the two differently sized samples were:

NI managers	Men %	Women %
Analytical	28.6	28.5
Conceptual	27.0	25.9
Directive	25.6	25.1
Attentive	18.8	20.5

Those figures as a whole show a difference from the US findings. The directive trait is relegated to third in the ranking by an Irish preference for visionary thinking, especially in the men. But the biggest difference in the table is still the women's greater attentiveness.

Moreover, although the young Irish women managers were as strong in that trait as their elders, the men showed an age difference. The over-40s were distinctly more attentive than the less experienced.

In Granleese's view, the lesson is plain.

"The odds seem to be that men entering management will take until they're getting on for 40 before they learn the importance of empathising with and developing their workers. But women seem to know it on their very first day," she told the recent conference of the British Psychological Society's occupational division.

"Given a natural advantage like that, why are there so few women managers?"

Degrees of aggression in pursuit of success and happiness

Christina Lamb reports on a Europe-wide survey of the attitudes of business students

Tomorrow's executives may be less moral than today's – particularly if they are British or Belgian, according to a recent Europe-wide survey of business students. An increasing number of Europeans is determined to be a success at whatever cost but there are striking national differences.

The "Success Survey" published by Profile*, the magazine of CGE, France's second largest private industrial group, in association with AIESEC, the international business student organisation, found that the British are the most eager (18 per cent) to be "extremely successful" whereas 33 per cent of French and Spanish are happy to "sit back and wait".

More than 1,100 students from all over Europe were asked their definition of success and what they were prepared to do to achieve it. The consensus held that success is still largely measured in terms of power or money; 42 per cent put money first, 39 per cent chose power, and only 6 per cent self-fulfilment.

The results suggested the emergence of a breed of super (and not all that moral) yuppie, implying a more aggressive approach to the way corporations will be run in future. Sixty three per cent of British business students admitted they were prepared to be ruthless to get to the top. The only country to beat this was Belgium, with a score of 73 per cent; 49 per cent of Belgians said they were prepared to do something immoral to achieve their aims.

According to the survey, the most moral are the French and Spanish, though this may have more to do with linguistic definition. Fifty three per cent of Spaniards polled think business is immoral – which raises the question of why 92 per cent of them wanted a career in it.

Overall only 8 per cent of students polled said they wanted to be chief executive of a major corporation while 23 per cent hoped to create their own company. The UK had the highest number of budding entrepreneurs – 33 per cent. The least popular area of business interest was manufacturing – rating only 2 per cent – while the most popular area was marketing and sales.

The survey discovered that, contrary to their public image, the Spanish were most prepared to work all hours to be a success (63 per cent compared with 44 per cent overall) but, since "all hours" was not defined, this may be more to do with a different concept of hard work. The most laid-back were the Scandinavians, only 30 per cent of whom were prepared to work "as much as it takes". British students are the most acquisitive, 45 per cent expecting to own a luxury car within 10 years compared with only 9 per cent of the French.

The primary concern of the British business student is, like that of his continental counterparts, the environment, followed by international financial instability, and then the threat from Japanese competition. The US challenge was way down the list, rating eighth overall, though higher among the French.

Despite the advent of 1992 and the single European market, British business students apparently still believe everyone else should learn English. Every other nation ranked "the ability to communicate in more than one language" as one of the most important criteria for success – Britain's students listed it last.

But ultimately tomorrow's managers are still quite conservative – over 70 per cent expect to be married in ten years' time while 76 per cent put as their personal ambitions "to have a life with an ideal balance between family, work and leisure activity."

In contrast only 3 per cent of British students said it was enough just to have a job they were happy with.

**Magazine and summary report available free from Profile, Box 11, 265 avenue de Fre, B-1180 Brussels.*

TELEVISION

Gentlemen and players

The strangest occurrence sparked by the electronic media in the past week was a diatribe in the tabloid press against Nick Ross, stridently condemned for the reconstructed scenes of violence in *Crime Watch*. Fair enough; except that it emanated from the populist flagship of Mrs Thatcher's (now) favourite American citizen, Rupert Murdoch, who has done so much to elevate and instruct British taste. Mr Murdoch's own American TV interests include a similar programme whose gloatingly and pruriently lingered-over re-enactments of brutality make *Crime Watch* look like *The Good Life*, and which would certainly provoke an outcry if beamed on to the British box.

As it happened, *The Sun* came up like thunder on Sunday's *Media Show* as well; as the paper that gives most coverage – one can imagine of what sort – to homosexuals. The programme dealt with the image of gays in the media and presented Simon Fanshawe, Julian Clary and Jeannette Winterson as expected spokesmen. Yet again the oft-maligned Esther Rantzen contributed some good tolerant sense that recalled her stand against the jeering bully-boys of deregularisation last year. Populist she may be; *The Sun* she ain't.

★

Another repressed section of society is being sparkily egged on to seize its chances. In *Move Over Darling* on BBC1 all this week, we are reminded that the decline in numbers of school-leavers can turn the distaff into a bludgeon as women make up an increasingly large part of the work force. The first programme was disappointingly gimmicky, with a near- parody American lady called Stetchert solemnly wittering about body-language and female forklift drivers complaining that men stared at them (the workfloor sex ratio was six to 300). Amidst the obvious and the pseudo-scientific it does emerge that we are among the least-funded as regards crèche facilities in the EC. This contrasted nicely with Wednesday's *Signals* on C4 where patronising references to the "middle eight-figure range of prices" showed the distorting effect of the international art boom – flourishing forgeries, national collections unable to compete at auction, young artists squeezed off gallery walls by market forces (for which read "greed"). Sotheby's and Christie's squared up to each other, each smoothly fronted by a lordly Tory ex-minister too much the gent to call his opposite number names. Sotheby's (Lord Gowrie) stands accused of arranging "the millionaire's equivalent of hire purchase" with its loans to buyers and guarantees to sellers. The former arts minister dismissed the plight of the Tate over one failed purchase with a nanny-like "they should have been buying Jasper Johns 15 years ago" (the speculative society permeates everything). Even allowing for British *Schadenfreude* over the Metropolitan Museum of Modern Art's acquisition crisis (dependent on patronage, dwindling now that American tax laws have been changed), the programme was *depressing enough* without the pointless presence of Tom Wolfe.

★

The news of Habitat's closures of 12 branches presumably came too late to figure in Friday's *Walkie-Talkie*, where Muriel Grey latched on to the founding Conran ("I'm terribly embarrassed at being called Sir Terence") for a nostalgic meander down the King's Road. "I'm rather an austere person," he asserted as they whizzed towards Chelsea in a red Jag, his interlocutrix's dangling earrings and itchy nose much in evidence. Chips and burgers in a 1950s American diner followed, served by a baritone waitress with a flawless complexion who may have been a mobile waxwork. Sharing a Habitat settee on which he nervously dropped ash, he was non-committal about putting wife and family before career. "Like the Royal Family," cried Mu in amazement. Sir Tel beamed modestly but did not demur. However he added – possibly prompted by the proximity of pendants and proboscis lunging at him in (I hope) playful intimacy – "I want to keep things at a distance." Nothing daunted, Mu followed him outside while he floundered through the treacherous intellectual shallows of being a socialist millionaire. What did he think of Mrs Thatcher? "Her government has done remarkable things for enterprise in Britain." Just then, appropriately, he decided to cross the road. Arriving breathless on the other side, he added, "On a personal level things have got much worse." He has the makings of a politician.

★

Friday nights on Channel 4 are becoming increasingly baroque, with *Whose Line Is It Anyway?* (last week lacking the peerless Sessions but with the beautiful and witty Josie Lawrence) an oasis of sanity between *Walkie-Talkie* and the rococo *Jonathan Ross* show. Before a scarcely controllable studio audience Ross struggled to announce that his guests would include Bros (hysterical ecstasy) and Auberon Waugh (a more muted response). A hooded figure identified as The Quiz Man who can make £100 a day at it played the slot machine that poses such general knowledge questions as "Which English poet wrote an ode to a nightingale?" with multiple choice answers. Is this the soft option that's drawing graduates away from teaching?

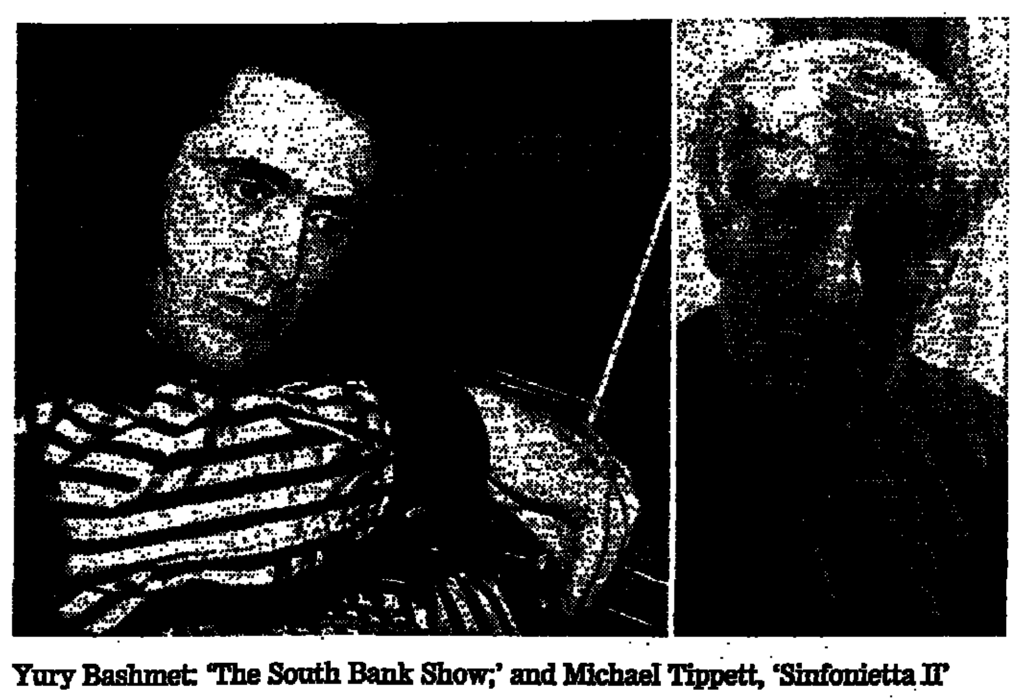
All paled, however, before one Phoebe Legere, starlet of deadpan schlock movies, whose tongue-darting, thigh-peeping, cleavage-bursting brand of parodic pouting femininity recalled the ultra-glamorous male transvestites of Warhol's entourage. Introduced as the scion of one of Boston's best families, she revealed an impeccable upper-class English accent and a sly wit, both of which were bulldozed over by Ross, an inept interviewer of the unpredictable, too busy defensively playing a laid-back Jack-the-Lad to take in other people. Invited to illustrate her four and a half octave voice, she leapt at, and briefly on, the keyboard to accompany herself in "Great Balls of Fire" so as to evoke not only Jerry Lee Lewis but Sarastro and the Queen of the Night as well. She is undoubtedly a star, though of what I am unsure.

★

Michael Tippett might approve. The year's most celebrated 85-year-old was the first subject of *Sinfonietta II*, the sequel to a successful series, in which Paul Crossley deploys healthy gnashers and fetching knitwear (a powder-blue pully last week) to sell modern music. The staggeringly boyish Tippett talked about the "Songs for Dov," *drawn from his opera The Knot Garden*. Nigel Robson sang; only close-ups of his howling moustachioed lips marred the otherwise tactful presentation – but I have lingering doubts over Tippett's infatuation with American jazz and blues mannerisms. Future composers introducing their works include Takamitsu, John Adams, Henze and the Soviet Union's Alfred Schnittke.

The latter figured in the South Bank Show's profile of Yury Bashmet, the Ukrainian viola-player recently enthralling us in London's Schnittke season at the Barbican. Much was made of the youthful Bashmet's passion for the Beatles – though now he resembles rather Ray Davies of The Kinks – and disappointingly little of the political upheavals attending Russian life. For that you must watch next Wednesday's *Born in the USSR* which follows Vladimir Ashkenazy back to his homeland after 26 years. Little, too little, about music there, but plenty of intelligent, hopeful, sceptical argument about what's happening; just what we missed in the *SBS*.

Martin Hoyle



Yury Bashmet: 'The South Bank Show;' and Michael Tippett, 'Sinfonietta II'

Two Otellos

THE MET, NEW YORK/COVENT GARDEN

The Met has revived *Otello*, for five performances, with the cast that Covent Garden heard earlier this season: Katia Ricciarelli, Placido Domingo, Justino Diaz, and Carlos Kleiber as conductor. Franco Zeffirelli's 18-year-old production, which has had much use, is getting a bit shabby round the edges, and it was badly lit; but no one looks at the stage much when Kleiber is conducting, and the Met is a good house in which to watch a conductor. He stands high in the pit, clearly visible from the waist up, and is brightly lit. And Kleiber's left hand is enough in itself to provide a magical interpretation of an opera.

I don't mean that frivolously. He secures playing of wonderful beauty and eloquence, detail such as one has never heard before, marvellous internal balances, transparent textures that let even the most lightly voiced vocal phrases through. He inspired the players. The strings seemed to have a hundred new wonderful colours at their command and a limitless range of expressive attacks and articulations, conjured up by a stroke or a flick of that left hand. And he achieved this with only four rehearsals – none of them extended to its full period – and no dress.

The performance as a whole seems to have divided people – not everyone stayed to the end – and it was easy to understand why. *Some found it* too minutely controlled. Ricciarelli's voice is now a fragile instrument, and much of her singing sounded like "marking" – though Kleiber ensured that it was always perfectly audible. And her timbre, even at its frailest, was often very beautiful. Me, I found her so delicate, honest, and sensitive an artist, responsive at every moment, alert to the words, lovely in motion, that her Desdemona moved me deeply. At times – especially in the third-act duet – she seemed to move Domingo too, and his Otello, usually characterised by the dull word "reliable," occasionally quickened into life.

Diaz has been for about twenty years now a talented and "promising" artist. His Iago was not bad but it was unremarkable – still not the awaited break-through. The other parts were rather poorly played – with the exception of the Herald, Erich Parce, who sang his two-and-a-half lines fluently, naturally, as a herald should, not as the usual bit-part singer ("La cena è pronta") demonstrating *that* he, too, could bellow major roles if anyone asked him. Verdi suggested that the second-act presentation of lilies, pearls, and bouquets to Desdemona should be undertaken not chorally but by "a good boy, a good baritone, and a good soprano." Kleiber used a good girl, a moderate baritone, and a wobbly soprano.

Not a "complete" account of *Otello* then – but an unforgettable one.

Andrew Porter

Only two days after launching its new Strauss production of *Elektra* the Royal Opera has embarked on four performances of Verdi's no less challenging tragic masterpiece. Those who missed the stellar production of *Otello* earlier in the season have the chance to console themselves with this revival, which brings to the piece its own rude vigour.

The pairing of Vladimir Atlantov as Otello and Edward Downes as conductor has been seen at Covent Garden before. Not as deeply fascinating as their distinguished immediate predecessors here, they do nevertheless view the opera from a similar standpoint and the strength of the evening lies in the physical sweep with which both artists drive their conception home. In Downes's hands the score expends its energies as though in a single rush of power.

Of the tenors who are available at present to sing the title role, there is none more fitted to the conductor's uncomplicated and invigorating approach than Atlantov. A brute of a military man in triumph, a wounded animal roaring its pain in downfall, he turns the opera away from the psychological drama that it is sometimes claimed to be and makes it instead an outpouring of raw emotion. The voice itself, though, is starting to sound difficult to tame these days.

By chance he was not the only Russian member of the cast. The soprano Lyubov Kazarnovskaya was making her Royal Opera debut as Desdemona, a simple and affecting portrayal, though the usual characteristics of a Slavic voice with its covered tone and edgy vibrato sit uncomfortably upon a role which should be the paragon of Italianate lyricism. Indeed the only idiomatic assumption came from the familiar Iago of Silvano Carroli, who brought every line of the text vividly alive.

Among the smaller roles there were first appearances from Richard Van Allan as Montano and Gillian Knight as a notably positive Emilia. One might not wish to encounter an *Otello* so raw in its power *often, but a single performance* with an impact of that kind can seem overwhelming at the time. The unlocking of uncontrollable forces within us is after all one aspect of what the opera is about.

Richard Fairman

Passing by

OLD RED LION

The always remarkable Julie Covington, acting in chamber scale in a miniature trilogy, gives one of the finest performances, and in two of the strangest roles, now to be seen in London, at the Old Red Lion.

David Ashton's three short new plays, *Passing By*, take a range of homeless people, use just two actors and develop homelessness as metaphor. *Stations* has Alex McAvoy as an old Scots ex-soldier, talking to God in a chapel. *The Eagle* is for Covington, with a rural accent and lusty memories, talking on a rooftop to herself, the world and God. In the three brief scenes of *Me . . . Dancing*, McAvoy is an Irishman guilty about his past, Covington a Londoner confused about hers. Both are furtive fugitives from an institution, both have God and the world weighing in different ways on their minds.

For both, geographic homelessness is part of a larger, spiritual exile. Ashton, subtly and disturbingly, suggests that McAvoy's roles are latter day guises of Judas and Klingsor – haunted in *Stations* by the memory of betraying a butcher's guiltless son, in *Me . . . Dancing* by guilt and impotent longings. Covington likewise inherits threads of Mary Magdalene, Salome and Kundry. In *The Eagle*, feasting on fond memories of "Men's private sections," she thinks of Christ ("I'd like to have washed his feet – dried them with my hair"), wonders about his "sections" and devoutly wishes he'd been one of her lovers. This ageless countrywoman ends like a wouldbe Gannymede, hoping that God's eagle will carry her to the skies.

These plays, like *Parsifal*, are about the psychopathology of religion, and the wonder is that Ashton, his two actors, and the director Patrick Dromgoole, handle things with such humour, affection and delicacy. Occasional touches of self-conscious cleverness emerge in the first and third plays, the tackiest when McAvoy says "Quo Vadis?" to Covington. But the historical undercurrents are usually kept under; and the best writing and acting occurs in *The Eagle*, Covington's rooftop soliloquy. Remembering a long-ago surprise French kiss, she arches way back and describes in amazement his tongue ("like an ox") and smell ("like Juniper berries") and his dismay in discovering she was wearing a vest. By turns, she is rapt, agonised, naughty, tranquil, weary.

The trilogy's two most daring strokes concern her. In *The Eagle* she recalls a sexual incident with a younger woman that I suspect refers to her Magdalene/Kundry longing for the Virgin Mary; and in *Me . . . Dancing* she, inseminated by an angel, has a phantom childbirth. Yet she makes the lesbian tale one of tender solace and she makes the Maculate delivery both absurd and touching. She knows that her memories and delusions are a mockery of God and Christian religion, but somehow she makes them sweet and funny and real.

Alastair Macaulay

Ghosts

LYRIC, BELFAST

Framed, as Kim Dambaek's production is, by the dying elegance of an Irish country mansion – silk bell pull hanging sleekly beside broken picture rail, dusty plants jutting from monumental urns – Ibsen's masterpiece becomes an only too credible expression of a corner of Ulster's own experience.

Translators Louis Muinzer and the Belfast dramatist John Boyd have taken a conservative line, steering well clear of gimmicky updating and keeping the language of the play at arm's length. This is not Ireland but Norway 1880: Pastor Manders is dapper in his frock coat, while *Mrs Alving glides about* in a dress the colour and consistency of sheet steel, which tones well with Peter Ling's blanched setting. But the resonances come from an Anglo-Irish heritage with its own pomposities and hypocrisies concealing its own tragedies. There is a Wildean whiff to Joseph Crilly's Oswald, while one could well imagine Stella McCusker's spirited Mrs Alving turning her attention from orphanages to Fenianism after the inevitable death of her son.

This approach is not without its problems in a production which, particularly in the early scenes, seems locked into an uncomfortable formality. Robert French's Manders suffers most, performing with hands pegged to his sides in what is presumably intended to be an expression *of his emotional repression. He merely* compensates with his voice, drifting into that stiff, unreal intonation that bedevils Ibsen's men on the British stage; released only in his one fleeting moment of intimacy with a Mrs Alving whose own straitjacket of costume emphasises the passionate, girlish volatility couped up within it.

She could do with more authority in her dealings with Eileen McCloskey's pert, flame-haired Stella, whose initial timidity seems geared to a more censorious mistress, just as one would expect more impatience with John Hewitt's Engstrand, a marvellously roguish chancer, who must surely be transparent to anyone as intelligent as Mrs Alving. But McCusker plays the final scenes with a tangible sense of horror which the Lyric's make-up *team* should credit before they clean Ulster out of syphilitic greasepaint and make the dying Oswald into a Monster.

Claire Armitstead

Schnittke

BARBICAN HALL

The *Monologue* for viola and strings, given its first British performance by Yury Bashmet and the Moscow Soloists in the Barbican on Monday, is the most recent work to be included in the Schnittke celebration. It was completed last year with Bashmet's extraordinary powers specifically in mind, and offers him a sustained and eloquent platform, one which he exploits with intensity.

It is not, though, one of Schnittke's most substantial or revealing scores; it is much more a linguistic consolidation, working within that strain of romanticism which he has distilled from late Shostakovich and made to resonate with the textural discoveries of his earlier experiments. Essentially the *Monologue* is a meditative sonata form, preceded by a slow introduction that presents the thematic germ; the string lines sometimes unravel in micropolyphony – the climax is reached in a giant glissandi for all concerned – but for the most part they support and enhance the solo line in a sombre, well plotted argument.

Earlier experimental Schnittke was represented by his First Concerto Grosso, written in 1977, and betraying the same fascination with Ligeti's inventions as the Piano Quintet heard earlier in this Celebration. Take away the clusters, the intrusions of the prepared piano and the harpsichord's eruption into tango rhythm, though, and little of substance remains; some quasi-baroque figuration for the two solo violins (tantalisingly similar to Arvo Pärt's *Tabula Rasa*) and some ramshackle structural devices, nothing more. It was, however, played with vivid presence by Gidon Kremer and Tatyana Grindenko – how lucky Schnittke has been with his interpreters!

Blessed, too, by having Bashmet and the Moscow Soloists to wring the maximum from his scores. They framed the Schnittke works with Mahler's string-orchestra arrangement of Schubert's *Death and the Maiden* Quartet, and a Shostakovich rarity, the Prelude and Scherzo Op 11 originally for string octet, written while he was still a student at the Leningrad Conservatory. Played by such a crack band it is a effective concert opener, and in the neoclassical cut of the Prelude, quite unlike any other Shostakovich I know. Only when the scherzo arrives, angular and brittle in the 1920s modernist manner, does the Russianness of the music surface; until then one would be hard pressed to identify its composer.

Andrew Clements

GLA's Arts Plan for London

Next Tuesday the Minister for the Arts, Mr Richard Luce, will give his response to the Wilding proposals, which were designed to overhaul the arts funding of the regions, reducing the number of Regional Arts Associations but giving more power to those remaining, at the expense of the Arts Council.

It seems likely that Mr Luce will change little, dropping just two of the smallest RAAs, Merseyside and Humberside. One RAA which may come strengthened out of any changes is Greater London Arts which yesterday unveiled the results of a £100,0000 "Arts Plan for London" which it commissioned from the consultants Peat Marwick.

The research involved quizzing over 1,000 Londoners and although the findings were not surprising – there was an unfulfilled demand for arts activities, but worries over such perennials as a poor public transport system, and its safety, prevented visits; there was a desire for more opera and dance activities away from the centre; there was a feeling that the arts were badly presented at school – GLA intends to make the Plan the basis for substantial changes in its operations, which will concentrate on the consumer.

It is aiming to get new users into the arts by working more closely with Local Councils who contribute a largely unstructured £58m to the arts in London, compared with the £10m from GLA. More co-operation should reduce waste and concentrate resources, especially in the badly served northern and eastern areas. GLA will cut back on its 210 directly funded clients, reducing them to nearer 150 on a "fewer but better" approach. It has made a start by stopping its funding to its biggest client, the Half Moon Theatre in the East End (grant £320,000) from April, although it will continue to aid its educational programme.

Antony Thorncroft

SALEROOM

British paintings fail to sell

Phillips had a pretty desperate time of it selling 20th century British paintings and drawings yesterday. The sale totalled £437,712, with almost half unsold. The drawings did well, with a typical Russell Flint watercolour of his pretty last model Cecilia selling for £30,800, well above estimate, and a John Craxton neo-romantic gouache and ink, "Landscape with poet and birdcatcher" of 1942, doubling its estimate at £25,300.

But the two main paintings, by Munnings and Orpen, failed to sell, perhaps because of worries about the economy, perhaps because Phillips is the first of the three leading auctioneers to offer art in this sector this week. Top price was the £86,300 for another Orpen, "The Kaiser into Paris," a First World War painting, while the post-1945 artists did better with a Craigie Aitchison "Butterflies in a landscape" making £24,200, and an Alan Reynold's "Composition in Winter" £16,500.

The most interesting item at Sotheby's pottery and porcelain auction, an earthenware jug made in Nottingham around 1800, shaped with knights on horseback around the rim, failed to sell, but an English Delftware Charles II Royal portrait charger was on target at £12,100.

Among the continental porcelain, an extensive Frankenthal dinner service produced around 1760, with eighty five pieces, more than trebled its estimate at £99,000 while a Sèvres service, of 144 items, of the later 18th century also did well at £26,400. A tureen in the shape of a turkey, made at Höscht around 1750, doubled its estimate at £15,400.

In Sussex, Sotheby's sold a Regency rosewood sofa table of 1810, estimated at around £3,000, for £17,600.

Antony Thorncroft

ARTS GUIDE

March 2-8

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 2428).

Jeffrey Bernard is Unwell (Apollo). Final performances by Peter O'Toole as an alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing, Ned Sherrin directs. Tom Conti will take over on March 5 (437 2663).

Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African family in Cape Town and Maida Vale. Albert Finney plays father and concert pianist son across 35 years, suggesting that talent is a means of escape and a reason for not going back. Janet Suzman and Sara Kestelman are electrifying in support (867 1116).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit(839 5972).

New York

The Sound of Music (New York State). The New York City Opera performs the Trapp Family saga starring Debby Boone as Maria and Laurence Guittard as Captain von Trapp. Ends April 22.

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).

Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives criss-crossing in an elegant, but somewhat random setting (246 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).

Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200).

Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington

Stardust (Eisenhower). Betty Buckley stars in a new musical compendium featuring the music of Glenn Miller, Duke Ellington, Hoagy Carmichael among others. Ends March 25. (467 4600).

Chicago

'Tis Pity She's a Whore (Goodman). Jo Anne Akalaitis of the Mabou Mines troupe directs John Ford's classic about incest, set here in Italy of the 1930s and starring Lauren Tom as Annabella and Jesse Borrego as Giovanni. Ends April 7. (443 3800).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

I'm Not Rappaport (Briar St). Shelley Berman, one-time standup comic, now plays Nat, Herb Gardner's memorable Central Park character who gags his way through the 1986 Tony Award winner (348 4000).

The Good Times are Killing Me (Body Politic). This City Lit production of Lynda Barry's first play captures an American childhood with poignant zaniness (871 3000).

Tokyo

Kabuki. At the *National Theatre* Tengenjaya Mura is an action-packed low-life drama about a serving man who turns to drink and crime (265 7411). At Kabuki-za there are two mixed programmes at 11am and 4.30pm, starring mainly younger actors, including the famous Onnagata Tamasaburo. One oddity is a modern kabuki play written by Yukio Mishima, performed to mark the 20th anniversary of his death. Both theatres have excellent earphone guides in English as well as English-language programmes. (541 3131).

Noh. A double bill of the noh play, Seigan-ji, and a kyogen comic interlude. National Noh Theatre (423 1331) (Wed 1pm).

My Fair Lady. One of Japan's best singing actresses, Mao Daichi, stars in this revival (in Japanese) of Lerner and Loewe's much-loved musical. Nissei Theatre (201 7777).

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Wednesday March 7 1990

EC battle over cars

BEFORE ENTERING any negotiation, it is usually advisable to know what you are out to achieve. Yet when Mr Frans Andriessen, the European External Affairs Commissioner, visits Tokyo this month to discuss Japanese car sales in the EC, he will be acting on behalf of a Community profoundly at odds over both objectives and tactics.

The row arises from the Commission's insistence that France, Britain, Italy, Spain and Portugal remove by the end of 1992 their national curbs on Japanese car imports. Brussels wants the restrictions replaced temporarily by a system of EC restraints, which would pave the way to liberalisation of the entire Community market.

Though EC governments have broadly approved the scheme, they remain bitterly divided over its concrete provisions. Britain, West Germany and the Netherlands want a brief transition period, while France, Italy and Spain want a protracted one. They also differ over the level of the proposed transitional limits and how output from Japanese-owned assembly plants in the EC should be treated.

Lacking any clear negotiating mandate, Mr Andriessen may have little choice but to try to turn the EC's internal tensions into a bargaining card. As he will no doubt point out to Japan, failure to restrain its car producers would not only risk inflaming anti-Japanese feeling. It could provoke France and other countries into erecting unilateral trade barriers which would deal a body blow to hopes of a unified market open to the world.

Temporary limits

This line of argument may have some appeal for a Japanese government which is in any case embroiled in a bitter trade dispute with the US and must be reluctant to open hostilities on a second front. Indeed, Japan has already indicated that it is sensitive to the delicate political balance in the EC and is ready to discuss temporary limits on car sales there after 1992.

But if there is something unreal about the prospect of Tokyo being called upon to exercise self-restraint in the interests of preserving the EC's cohesion, the economic advantages to the Community of trying to shelter its motor industry from the full force of Japanese competition also appear increasingly illusory.

The main argument in favour of continued restrictions is that European manufacturers need time to raise their efficiency closer to Japanese standards. However, as the Commission – and, in private, some European carmakers – recognise, Japanese competition is the most effective form of pressure on European industry to tackle the overmanning and bureaucratic resistance to change which are its biggest handicaps.

Fattened margins

Japanese producers, meanwhile, would stand to gain handsomely from any quantitative limits on their car exports. Given the strong demand for their products in Europe, such restrictions would be an invitation to maximise profits by fattening their margins and shifting their export effort into luxury cars. Furthermore, Brussels has concluded that it is powerless to prevent Japanese companies exporting to the EC from "transplants" in the US and eastern Europe. That undercuts arguments by the EC's more protectionist members that it should bargain Japanese carmakers' access to its market against increased European exports to Japan.

Against this background, the Community's room for manoeuvre appears limited. Its options are circumscribed not just by its internal divisions but by the growing interdependence of international markets and the global expansion of industry. That point is powerfully underlined by yesterday's news of the wide-ranging alliance being discussed by Daimler-Benz of West Germany and Mitsubishi of Japan.

These developments may not reduce the immediate political pressures on Brussels to prolong restrictions on Japanese cars after 1992. But the EC needs to recognise clearly that the main victims of such policies are likely to be those interests which they ostensibly set out to protect.

Hindu danger for India

THE RESULTS of the Indian state assembly elections are disappointing for Mr V.P. Singh, the Prime Minister, and almost impossibly bad for Mr Rajiv Gandhi, the jaded opposition leader. But it is India itself which risks being the biggest loser.

More than 200m electors were eligible to poll in eight states, just three months after the humiliating general election defeat of Mr Gandhi and his Congress Party. All eight were under Congress control. The party has lost control of six. November's general election pattern has been largely repeated: further widespread rejection of Mr Gandhi, qualified support for Mr Singh's Janata Dal and extraordinary success for the right-wing Hindu revivalist party, the Bharatiya Janata Party.

This party had no seats in Parliament in 1980 and two in 1984. In last year's election it won 88 seats. In last week's state assembly elections it started with no share of power in any of the eight states polling. It can now form an administration alone in Himachal Pradesh and Madya Pradesh; in Bihar, Gujarat and Rajasthan the BJP secured enough seats to be major coalition partners with Janata Dal, which secured outright power only in one state, Orissa.

For Congress the results are a debacle and raise serious questions about its future and that of Mr Gandhi. The party has been the vehicle for the Nehru dynasty which ruled India for 39 of the 42 years since independence. For Mr Singh and Janata Dal the results make the task of running a minority government in a vast and complex country yet more difficult. He rules only with the support of the Communists and the BJP, each of which despises the other. The BJP's successes in the state assemblies give it a further lever on policy against the central government.

Political skills

Mr Singh will need all his political skills to deflect the worst of the BJP's chauvinism and to keep his government afloat. His key task is to resist at all costs any BJP demands for changes to the special constitutional rights for India's Moslems which would further antagonise 100m of the country's 850m people.

Nationalism is enjoying something of a resurgence worldwide. Nationalism based in religious fervour has become a characteristic of some countries which have Islam as the dominant religion – although justification for the more violent manifestations of some of these nationalistic movements requires an exceptionally obtuse interpretation of Islamic teachings.

Nationalism

Nationalism and religion were at the heart of the debate about the partition of India. Pakistan, although not created as a theocratic state, was clearly founded as a country for Muslims and has since become more of a Muslim state.

Indian leaders conversely were adamant that their country, dominated by Hindus, should be secular, tolerant of all faiths – Hindu, Buddhist, Moslem, Christian – and ruled by none. One of the great wonders of today's India is not only that it survives as the union but that it does so as a multiethnic society with secular government.

To pander now to the Hindu chauvinists would be to put that at risk. There have been difficult and violent religious problems over the years: Sikh separatists in the Punjab, Moslem separatists in Jammu and Kashmir. They have not always been well handled by the central government but so far they have been contained. Indeed, until the events leading to the recent dangerous resurgence of separatism in Kashmir, India's only Moslem-dominated state, Mr Singh was making good progress on ethnic harmony and had placated many Sikh anxieties.

Concessions to Hindu revivalists – whether constitutional changes, insensitivity towards Moslem objections to Hindu plans to build a temple on the revered site of the former Ayodhya Mosque or sympathy for the bellicose noises coming from the BJP on Kashmir – could quickly have disastrous results for India's racial harmony and cohesion. The containment of Hindu nationalism is the most pressing priority.

A door to the west

FT writers assess Mitsubishi's talks with Daimler-Benz, revealed yesterday

The talks between the Mitsubishi industrial grouping of Japan and West Germany's Daimler-Benz, announced abruptly yesterday, are certainly ambitious. They cover nothing less than the future of the world auto, aerospace, and electronics industries.

The discussions are at such an early stage that they may lead to nothing. Corporate history is littered with examples of loudly-proclaimed co-operation talks which ended in failure. The grand design can get buried in a mass of indigestible detail.

None the less, the seriousness of the two sides' aims can be grasped from the attendance at the preliminary talks held this weekend in Singapore. Mr Shinroku Morohashi, president of Mitsubishi Corporation, the trading company, was accompanied by the chairmen of Mitsubishi Motors and Mitsubishi Heavy Industries and the president of Mitsubishi Electric. Mr Edzard Reuter, chairman of Daimler-Benz, headed a party which included the presidents of Mercedes-Benz, AEG, and Deutsche Aerospace, Daimler's aerospace subsidiary.

Mitsubishi said there was a "far-reaching exchange of ideas". Daimler-Benz revealed a little more by saying the two parties' operations complemented each other by region and by product. This meant "intensive co-operation could lead to a mutual strengthening of each company's competitive position."

This could signify many things, not least because both Mitsubishi and Daimler-Benz are widely diversified groupings. The four Mitsubishi companies involved in the discussions are leading members of Japan's largest industrial grouping, formed out of the remains of the pre-war Mitsubishi conglomerate (*zaibatsu*). About 160 companies with annual sales of some Y40,000bn ($270bn) are linked by a loose web of cross-shareholdings and mutual exchanges of orders, technology and information. Some 29 of the largest are linked by a regular "Friday meeting" of chairmen and presidents.

Daimler-Benz, once simply a maker of trucks and luxury cars, is now also a leading force in electrical engineering, through AEG; and in defence and aerospace, through MTU, Dornier and Messerschmitt-Bölkow-Blohm (MBB), which is a partner in the European Airbus.

The two groupings share reputations for prowess in engineering, for a conservative management style and for close relations with their governments. Each is its country's largest defence contractor – though defence is specifically excluded from the discussions at the insistence of Mitsubishi. The Japanese Government forbids Japanese companies from exporting defence equipment or transferring defence technology except to the US.

The two companies also face similar criticisms – they have been accused of being left behind by younger and more specialised companies, notably in consumer electricals and electronics.

As Daimler-Benz pointed out, there are excellent fits between the two groupings – Daimler-Benz has a strong position in Europe, Mitsubishi in Japan and Asia. The German partner has skills in mechanical engineering matched by Japanese ability in electronics.

In cars, Mercedes-Benz makes top-end models, Mitsubishi Motors occupies the low-to-middle ground. In aerospace, Mitsubishi has sophisticated techniques for making wings and other parts out of new composite materials and some advanced electronics, including phased-array radar, a military tool which might have civilian applications.

In electricals and electronics, Mitsubishi Electrical is a leading chipmaker, whereas Daimler-Benz has no in-house semiconductor technology. Mitsubishi could well be attracted to AEG's skills in white goods, since large western-style appliances are beginning to make inroads in Japan.

Out of this vast range of possibilities, certain elements stand out. Mitsubishi clearly wants to enhance its access to the European market to be ready for the economic integration of western Europe in 1992 and the potential reconstruction of eastern Europe. Daimler-Benz would profit from an improved marketing presence in Japan.

In autos, further co-operation with Daimler-Benz could get Mitsubishi Motors out of a corner. The company was originally founded by the Mitsubishi grouping in co-operation with Chrysler, which retains a 13 per cent stake. But it started only in 1970, too late to catch the industry leaders, Toyota Motor and Nissan Motor, and was too slow to keep pace with Honda Motor, another newcomer. With Chrysler falling further and further behind General Motors and Ford, its US rivals, Mitsubishi may think it time to find a new partner.

Indeed, autos is the field where Mitsubishi and Daimler-Benz are already co-operating, albeit in a small way. Mitsubishi Motors has joint ventures with the German group for distributing Mercedes-Benz cars and Daimler-Benz trucks in Japan. (Far more Mercedes cars have been sold through the company's own network and through an independent distributor, Yanase.) There have been suggestions of joint production of a small truck – but these were down-played yesterday by a Mitsubishi official.

But the area that is likely to have generated the greatest excitement at the weekend meetings is aerospace. For Mitsubishi and Japan co-operation with Daimler-Benz could result in the fulfilment of a long-held ambition of entering one of the world's most glamorous industries.

Japan has produced aircraft from US designs since 1954, honing production skills. Boeing, the world's largest manufacturer, buys parts for all its major airliners from Japanese groups, including Mitsubishi. Japan produces some Y550bn worth of aircraft and components a year, 80 per cent of it for military use.

By Stefan Wagstyl in Tokyo, David Marsh in Bonn, Paul Betts in London and Rod Oram in New York

But production is not the same as development. The Ministry of International Trade and Industry named aerospace as a future pillar of the economy a full 20 years ago. However, so far Japan's only independently-developed aircraft has been the 60-seater YS-11, which sold only 182 planes – a commercial failure.

Co-development is financially a more attractive option. Japan is a member of an international consortium to build the V2500, an engine for 150-seater aircraft. Japanese companies have been involved in a (so far unsuccessful) project to build a new Boeing – the 150-seater 7J7 – and have been invited to join in the development of the 300-350-seater 767-X.

But in each case, Japanese companies are the junior partners – and are never allowed access to the innermost technological secrets. Japanese engineers seconded to Boeing are not allowed, for example, to work in critical areas such as wings, computer software simulation of designs and manufacturing integration.

To escape this sort of restriction, Mitsubishi and the rest of the Japanese aerospace industry wanted to build a new Japanese fighter aircraft, the first since the wartime Zero. But for financial and trade-political reasons they were forced last year into a scheme to co-develop a fighter, the FSX, with the US.

Thus Daimler-Benz might well be a more attractive – because more equal – partner for Mitsubishi than Boeing or the US defence contractors.

For Daimler, the announcement of talks with Mitsubishi coincides with another move that underlines its aerospace ambitions. Last Friday it was agreed that the West German group would start assembly in Hamburg of the new A-321 Airbus airliner from the end of 1992 onwards – the first time since the Second World War that Germany has built large-scale passenger aircraft.

Daimler's acquisition of control of MBB, finally approved last autumn, attracted criticism from those concerned at the financial risks associated with the European Airbus. Uncertainty over the transaction has now been compounded by the collapse of Communism in eastern Europe. This has cast a considerable question mark over MBB's once-secure defence activities, led by its participation in the European Fighter Aircraft.

Mr Reuter is consequently sweeping the globe to find international partners. Daimler is already hard at work exploring new alliances within Europe, with such companies as Aerospatiale, British Aerospace, Matra and East Germany's truck maker IFA. Diversifying further is the key both to new markets – in this case, the Pacific basin – and to spreading risks.

A spokesman for Deutsche Aerospace, the DM15bn ($8.8bn) turnover Daimler subsidiary which groups its newly acquired aerospace activities, explained yesterday that Daimler was intent on following the path of "co-operation not competition" with Japan.

Mr Jürgen Schrempp, the 45-year-old chief executive of Deutsche Aerospace, who took over last year after moving up the hierarchy of Daimler's commercial vehicles division, is a strong believer in Japanese collaboration. "We do not want to make the same mistake as in motor vehicles. We don't want to cut ourselves off," the Deutsche Aerospace spokesman said. Daimler knows that, currently, the Japanese are lagging behind Europe in aerospace technology. But, "since they have the liquidity to buy up know-how anyway," the spokesman added that Daimler saw clear advantages in forging links at an early stage.

A strategic alliance between Daimler-Benz and Mitsubishi, if one were to come about, could shift Japan's focus of collaboration in commercial aircraft from the US to Europe.

Mr Henri Martre, the chairman of Aerospatiale, the French partner in the European Airbus, recently argued that the increasingly stormy relations between the US and Japan could lead Japan to consider greater co-operation with European partners in aerospace, to spread its risks and widen its opportunities.

The news of the talks "reflects the desire of the Japanese to anchor their position in Europe before 1992," says an Airbus executive. Officials at both Airbus in Toulouse and British Aerospace, the British partner in the consortium, seem to feel that, on balance, the discussions offer more opportunities than dangers.

"The Japanese have always adopted a pragmatic approach. By seeking to negotiate a deal with the Germans, they are hedging their bets by not putting all their eggs in the US aerospace co-operation basket," says another Airbus executive. He felt that it was highly unlikely that the Japanese could one day become partners in Airbus.

However, a Daimler-Mitsubishi partnership could eventually also help Airbus crack the Japanese market. Up to now this has been a preserve of US aircraft makers – a "Boeing oasis," in the words of Mr Morten Beyer, chairman of Avmark, a Washington aviation consultancy.

Any aerospace link between Mitsubishi and Daimler-Benz could prove "a little bit uncomfortable for Boeing," he said. "The parts Mitsubishi is building for Boeing now are unsophisticated," Mr Beyer says, "but if it gets deeper into the 777," there could be more concern about the Japanese picking up US technology.

"Mitsubishi is sending a signal to Boeing that there are other belles at the ball with whom it can dance," says Mr Wolfgang Demisch, the aerospace analyst for UBS in New York. A German/Japanese link raises the opportunity of "gradually weaning Mitsubishi away from Boeing to a more European presence."

As these reactions indicate, the talks are still at too early – and too vague – a state for the partners and competitors of the two sides to offer detailed assessments of the risks and opportunities that a link between Daimler and Mitsubishi would create. Last weekend's talks, however, brought together industrial groupings representing the cream of European and Japanese industry. They are an indication of the growing ambition which Japanese companies are bringing to the business of making international connections; and the growing seriousness with which such moves are treated abroad.

MITSUBISHI GROUP

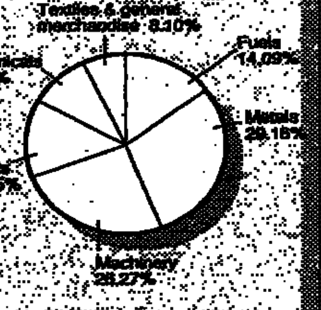
Informal grouping of 29 companies descended from prewar Mitsubishi zaibatsu. Key companies include:

- Mitsubishi Corporation, Japan's largest trading house.
- Mitsubishi Heavy Industries, first in Japanese ship-building, power plants, aircraft and defence.
- Mitsubishi Motors, third-largest vehicle maker. Chrysler owns 13%.
- Mitsubishi Electric: heavy and industrial electrical machinery, consumer electronics, telecomm equipment and chips.

Shinroku Morohashi, President, Mitsubishi Corporation

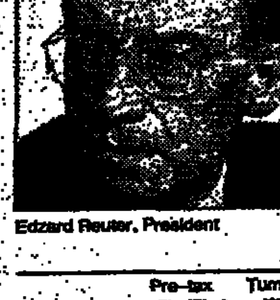
year to March 1989	Pre-tax profits ($m)	Sales ($bn)
Mits Corp	554	117
Mits HI	722	14
Mits Motors	368	16
Mits Elec	968	20

Trading volume by commodity group 1989



DAIMLER-BENZ

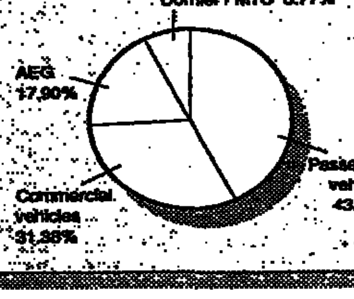
- Daimler-Benz, until recently simply truck maker, has diversified into aerospace, electronic and electrical industries.
- Deutsche Aerospace subsidiary includes Dornier, MTU and control of Messerschmitt-Bölkow-Blohm, which is partner in European Airbus.
- Daimler's Edzard Reuter and British Aerospace's Roland Smith have been sending collaboration hints.



Edzard Reuter, President

	Pre-tax profits ($bn)	Turnover ($bn)
1985	2.4	21.4
1986	3.0	34.1
1987	3.7	43.0
1988	2.8	41.4
1989		45.5

Business analysis 1988



OBSERVER

Eye for the monarchy

■ Jose Joaquin Puig de la Bellacasa, the departing Spanish Ambassador to the Court of St James, says he is leaving London after seven years with many a good memory. One of his favourites involves what he likes to call his royal appendix.

In 1987, the experienced diplomat spent many months planning a dinner at his embassy in honour of the *imminent visit to Madrid* of the Prince and Princess of Wales. Some 60 guests, including the Royal couple, were invited to Belgrave Square for a grand meal, piano concerto, and flamenco fiesta.

On the morning of the event, the Ambassador was felled by an excruciating stomach cramp. He was advised by his physician that the pain was his appendix which should be operated on that very day. He survived the royal evening playing with his food and tinkering with his glass, eating and drinking nothing, much to the amazement of his guests. The operation took place soon after midnight.

Whether Don Jose Joaquin will take this abstinence with him to Madrid, where he takes up a new post as adviser to King Juan Carlos, remains to be seen. He does, however, declare himself much impressed by what he describes as the "social dimension" to the British Royal family.

Don Jose Joaquin believes that if the modern monarchy is to mean anything in the Europe of the 1990s, it has increasingly to fill "those heartless gaps" left by politicians: youth programmes, community projects, trusts, that sort of thing.

Kings and queens must also keep to a minimum any adverse publicity, of the kind that attracts some newspapers. *They should do this by employing a skilful private secretary,* he says.

As for the British politicians he is leaving behind, the Ambassador claims to have the most respect of all for Sir Geoffrey Howe for the pragmatism with which he dealt with the Gibraltar issue while Foreign Secretary.

Don Jose Joaquin was less impressed by the "informality" of some Labour politicians who, he claimed, never seemed to get round to answering his invitations, although he is understood to have found Margaret Thatcher's determination never to change her mind equally irritating.

The Jesuit-educated Don Jose Joaquin is rather more impressed by Archbishop Robert Runcie, who broke more than 400 years of post-Reformation tradition by inviting the Spanish Ambassador to Lambeth Palace.

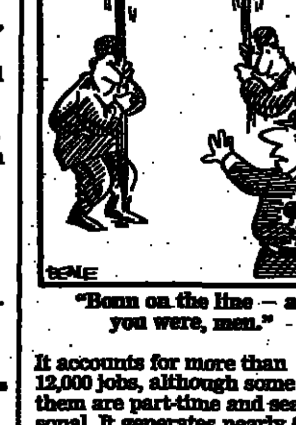
Change of tie

■ Peter Goldie has presided at a company meeting without a bow tie. The dapper Goldie, chief executive of British & Commonwealth Holdings and now entirely devoted to dealing with the troubled financial services group's disposal programme, is as well-known for his neckwear as Sir Robin Day.

He turned up at the Colonnade Development Capital meeting in more conventional dress. Goldie's decision to ration his public appearances in bow ties appears to be part of a general change of image, coinciding with speculation that he may end up carrying the can for B&C's problems. All a question of "semiotics," which means pertaining to symbols.

Shooting hard

■ Sporting shooting is a not unimportant part of the Scottish economy, as a survey released yesterday reveals.



"Bonn on the line – as you were, men."

It accounts for more than 12,000 jobs, although some of them are part-time and seasonal. It generates nearly £30m revenue a year and more than £50m, if indirect revenue is included.

There were just over 50,000 participants in 1988-89, of whom some 17,000 were from Scotland, about 22,000 from the rest of the UK and about 11,500 from the rest of the world.

This is the first survey of its kind and includes all sorts of other statistics, such as the number of pheasants shot (just over a million) and rabbits (407,871). It was commissioned jointly by the British Association for Shooting and Conservation and the Scottish Development Agency.

There is no reason to doubt the objectivity of the findings by the Fraser of Alander Institute of Strathclyde University. But reading between the lines it is quite clear that the canny Scots are concerned that they might lose some of their shooting revenues to a newly-opened up Hungary.

The Hungarians are already putting some of their castles on the market and the Scottish study concludes that in Hungary "considerable effort is put into the promotion of sporting shooting."

Czech style

■ Czechoslovakia's Civic Forum, now more of a governing than an opposition group, has not lost its sense of fun. It kept its supporters informed during the revolution at the end of last year through the use of screens in shop windows playing videos of demonstrations, meetings and speeches. Now it is seeking to keep them amused during more complex times.

The present hit of the pavements in Prague is a long tape on which are excerpts from the speeches of Miloš Jakeš, the former Communist Party General Secretary. A rambling, ungrammatical speaker of his native language, Jakes was once a sinister figure: now – disgraced and in seclusion – his pronouncements reduce the audiences to helpless, rolling about delirium.

The act that never fails is when Jakeš talks about Václav Havel, now President: "You know, I had to lock him up, he puts about such terrible propaganda, complete lies; the people don't want to hear it."

Merely to mention his name, as our correspondent did to a taxi driver, is to establish a bond of hilarity: "Jakeš? I tell you, I laughed the whole day, the whole day!" The driver is laughing still.

Tory cheer

■ Douglas Hurd, the Foreign Secretary, has been in Brussels, keeping up the spirits of the expatriate Tory Party faithful. He recalled his days as a novelist and thriller-writer. An attractive young girl once rushed up to him at a Conservative Party Conference, he said, with book in hand and pen at the ready. "You are Mr Archer, aren't you?" she asked anxiously.

Andrew Taylor examines some differences in transatlantic working practices

The Eastman Kodak PET plant at Workington in Cumbria

A tale of two building sites

Two plants built within 20 years for the same owner, Eastman Kodak of the US, stand back to back on a windswept corner of Workington on the Cumbrian coast in north-west England.

The first plant, which manufactures materials to make cigarette filters, was built in the late 1960s. Construction was delayed by industrial disputes. Eastman Kodak was disappointed by the performance of the UK contractors, according to Bechtel, the large US construction group, which managed the project.

The construction of the second plant was far more successful; Bechtel was again the project manager. This plant, producing polyethylene terephthalate (PET) pellets used mainly to manufacture plastic bottles for the drinks industry, was completed in 1988. It was finished on time and within budget. Almost no time was lost through disputes.

The plant had few teething problems when it opened and was quickly into production. This time the owners were delighted with the workmanship and performance of the UK contractors.

So far, this is a simple – and familiar – tale of the improvement in the UK construction industry's competitiveness in the past decade. Unfortunately, the comparisons do not end here. While work on the plant in Cumbria was under way, Bechtel was managing the construction of an almost identical PET plant for Eastman Kodak in Columbia, South Carolina.

The productivity of the US construction workers, according to a National Economic Development Office (Nedo) study of the two jobs, was 42 per cent higher than that of their UK counterparts.

"What is disconcerting is that the Workington job by British standards was one of the best I have ever managed," says Mr Alan Walker, formerly site manager at Workington.

"Relations with the unions were excellent. There were very few industrial relations problems and quality of workmanship was excellent. The owner which had to be persuaded to build here after its earlier experience now says it would not hesitate to build in Britain again." Even after allowing for differences in construction techniques and the fact that work started four months earlier in Britain – allowing US workers to avoid snags which had been encountered in Cumbria – productivity was still about a quarter higher in the US.

Differences in building regulations and working practices – the UK plant, for example, used large amounts of scaffolding not used in Columbia – accounted for about two fifths of the productivity gap, according to Mr Walker.

"The fact is that the UK has got better but its competitors have not stood still either. The gap has narrowed but has not been overhauled. We can now build to time and budget but more needs to be done," he says.

Nedo, which has produced a report* on the comparative performance of construction workers in Workington and Columbia, says a rediscovered ability to build to time and budget may not be enough to support the UK industry after 1992 when trade barriers are due to be dismantled between European Community countries.

French, Dutch and West German construction companies have recently acquired strategic stakes in UK construction groups and forged a series of joint ventures, in a bid to break into the British market.

The principal difference between the two sites was that Workington used largely union labour while Columbia was an "open shop" in which trade unions had no jurisdiction or influence. Nedo's study team, which included a senior executive from the GMB building union, said however that improvements to British productivity need not require any dilution of trade union authority.

The team was particularly impressed by the application of the US workers. There was virtual bell-to-bell working. Few people were seen to be standing around aimlessly. No time was lost at meal or break times.

"There were no coffee breaks, a drink when needed being taken at the work face. Lunch was taken during the half hour break at any suitable resting place since there were no canteen or messing facilities whatever," the report said.

British employees were diligent when at the workface. Much time was lost, however, at start and finish times and morning tea and lunch breaks. A canteen serving hot meals – customary on UK sites – was provided at Workington.

"Based upon our observations, the team estimated that in excess of 90 per cent of the day was spent on productive activity on the Columbia plant as against only around 60 per cent at Workington," the report said.

The difference in application could be explained by the greater accountability of "open shop" employees who received work on the basis of their reputation and references from employers.

During a visit by the team to Columbia a supervisor was dismissed for failing to achieve production targets. US supervisors were also accountable for the performance of employees working under them.

"Since his own reputation depends upon their performance, the supervisor is involved with the labour office in the recruitment of his own gang. Some of the men that he recruits will be known to him and will travel considerable distances to be a part of his gang.

"He will not retain labour that he no longer needs and there is no question of a 'last in, first out' convention. Consequently, the best workmen are retained to do the more difficult and challenging work associated with construction completion and commissioning," says Nedo.

UK supervisors were as good as their US counterparts in understanding the mechanics of planning and project control but US supervisors had a greater awareness of their responsibility to get results from their teams. The American supervisor also had a greater sense of his own authority and was aware that the initiative for getting on with the work was in his own hands. This made him more assertive with the men.

By comparison, UK foremen found it more difficult to be assertive. Welders, for example, went on strike for eight days at Workington after one of their colleagues was given a final warning for threatening behaviour to a supervisor.

"The answer does not therefore only lie in more training, except in leadership. It lies in better selection methods to ensure that those in a supervisory position have leadership qualities which they are allowed to exercise. It thus requires that supervisors are given a greater authority and are held accountable for its effective use," concludes Nedo.

In total it took 1.2m man-hours to construct the Workington plant against 945,000 man-hours at Columbia.

Comparison of pay and conditions, however, show that unit labour costs were about the same on both sides of the Atlantic. Pay levels were higher in the US but British workers had better service conditions and fringe benefits.

The hourly paid rate for a skilled man was £5.45 at Workington compared with an all-in rate of $12 an hour for civil craftsmen and $12.40 for mechanical craftsmen. (The average exchange rate was $1.7 to the pound over the life of the two projects.) But UK workers received holiday credits, national insurance and travel and lodging allowances not paid in Columbia.

A standard week of 39 hours, averaged over a nine-day fortnight was employed at Workington. Columbia worked a 40-hour week spread over four 10-hour days. Overtime did not feature heavily on either site. A significant feature at Columbia was that if time was lost through weather it would be made up during rest days without a premium being paid.

Days lost through absenteeism and disputes were minimal, accounting for less than 1 per cent of hours worked on both sites.

The Nedo report should be essential reading for any British company that competes internationally. The British work culture it describes is not unique to the construction industry.

As in construction, sectors such as textiles and many areas of engineering have increased their competitiveness – but so have many of Britain's international competitors.

** A comparative study of simultaneous construction of two Kodak PET plants built in the UK and the USA. £60. Available from Nedo, Millbank Tower, Millbank, SW1P 4QX.*

UK industry policy

Why I sold Rover to British Aerospace

By Lord Young of Graffham

So Ford would have offered £600m for Rover. Your report of Ford's memorandum to the Trade and Industry Select Committee concluded that the cost to the taxpayer could have been less if Ford had bought the company. I doubt it.

To understand why this row is so artificial you have to go back four years – when Ford wanted Rover and General Motors wanted Land Rover. The House of Commons erupted in a demonstration of chauvinism that has been rarely seen more often than once a decade. I suspect that many who have been protesting recently about the Rover sale were protesting then about discussions with Ford and GM.

It was unthinkable, the Commons said, that Ford could be entrusted with Rover and a "Keep Land Rover British" movement started and gained considerable momentum.

In the end, ministers had to retreat in some disarray. They told the Commons that they would not speak to Ford without telling the members of the House in advance and they agreed to retain a measure of UK control over Land Rover.

When I arrived at the Department of Trade and Industry, after the last election, I was told of one interest in Rover. The Competition Directorate in Brussels had been studying the car industry and wanted to reduce the surplus car production in Europe. The governments in the Community supported them, as long as it was some other country's production that would be cut.

I had a different priority. I had just spent the last seven years fighting the battle against unemployment. Four days after arriving at the DTI I had my reward – unemployment dropped below 3m. I was determined never to do anything to make it go up again.

My officials confirmed that there were still more than 200,000 jobs at stake in Rover and its suppliers. In my book, jobs were more important than the proceeds of a sale. There was no way I would sell off Rover for the highest price if it meant putting the jobs at risk.

For the first six months we explored all the alternative courses of action. We worked on a scheme to place shares with institutions leading towards a general flotation in the 1990s.

It failed. The corporate plan was simply not strong enough and it disclosed a requirement for £1.2bn in investment over the five years.

We had a tentative inquiry from Volkswagen. Its interest evaporated when it discovered that we would not sell them Land Rover because of our undertakings to the House. Ford never said a word. Besides, the whole future of Rover was tied up with Honda. Without them there would be no future models.

British Aerospace came along. Of course that was the convenient answer but it was also the best. It complied with undertakings to the House. It represented a British solution. Above all else, it secured the maximum number of jobs. We did not want the recovery of the West Midlands to be set back a decade.

Rover had always made losses in public ownership, in spite of its occasional promises of profits. I was determined to make a clear break. I made a condition of "no warranties."

The normal commercial practice is clear. The purchaser is given a period of exclusivity to make its due diligence inquiries. If it is then satisfied, the sale goes ahead. After we announced our agreement with BAe, Ford said they were interested.

They did their sums on the back of their envelope. Others inquired. All were told that we would be back if BAe did not complete within the period.

BAe decided to proceed. Now we had to go to Brussels to get permission to pay off the banks. The Commission had just won a difficult battle with Renault and were quite prepared to take us on.

They were not interested in a British solution. Europe had too much car capacity and they wanted some closed. If it had to be Rover, well, that was in the interest of the Community.

Then followed some of the most difficult negotiations of my life, for how do you negotiate when one party will not move? Finally we agreed very different terms from where we started. The car industry had gone into boom conditions and that helped BAe to come some way to meet us.

There was still a gap. By now it was early July and I knew that the future of Rover was in the balance. The row over Ford had cost Rover one sixth of its market share in 1986.

This time, I was told by the Rover board that if the future of the company was not absolutely clear by August, the month in which car sales are highest, the speculation was likely to be fatal.

Happily I found a way to bridge the gap. I helped BAe with the cost of buying in the remaining shareholders and told the Commission, since it could be classified as state aids.

The other help, the giving of credit to BAe, was not, in my view, state aids. Sir Leon Brittan, under pressure from the French and Germans, might well disagree.

I shall be sorry if he does, but if so, it will have more do do with his present problems with the Germans and French than with the past.

Even then BAe nearly withdrew from the sale in the last 24 hours. BAe had to agree to be tied to the corporate plan for five years.

That was a very uncommercial condition and, for a day, they had great doubts. Since then they have invested £500m in the company. I could not see Ford being prepared to invest £1.2bn in a corporate plan, nor could I see Honda working with them.

Today BAe is our greatest engineering company. Rover has a good product and a secure future with Honda. If we take Gordon Brown, the Shadow Trade and Industry Secretary, literally he would have thrown all that away to give the benefit of any doubt to the Commission.

If he meant anything else then he is playing a cynical political game with our last independent car producer.

The author was the Secretary of State for Industry from 1987 to 1989.

LETTERS

The emigration of Soviet Jews: US wants a 'humane and orderly' process

From Mr Henry E. Catto.

Sir, Your editorial ("The New Influx into Israel," March 2) mistakenly implied that the enormous flow of Soviet Jews into Israel is a direct consequence of a reversal or restriction of US policy on Soviet Jewish emigration. While the increase in Soviet Jewish emigration obviously has implications for the Middle East, I want to clarify US policy.

Far from restricting immigration of Soviet Jews, the US is receiving them in record numbers.

Emigration of Soviet Jews has surged dramatically, and the US warmly welcomes it, since it is a goal that we and other western democracies worked long and hard to attain. The right to emigrate is enshrined in the Helsinki accords. An important measure of the progress in East-West relations is greater Soviet fulfilment of its commitment to respect this right.

America has responded with generosity. The numbers tell the story. In 1985, Moscow permitted fewer than a thousand Soviet Jews to emigrate. When the figures started to rise, so did our admissions.

In fiscal year 1988, the US received 20,400 Soviet refugees.

In fiscal year 1989, the number climbed to 43,500.

For fiscal year 1990, we plan to admit 50,000 refugees plus 30,000 other Soviet citizens under a new category for "special interest" immigrants.

In other words, the US has virtually doubled admissions in each of the last two years. These figures do not include thousands of other Soviet citizens who emigrated to the US under other, non-refugee categories.

The erroneous charge about "restrictions" may arise from a misunderstanding of new US procedures aimed at ending the problem of potential refugees waiting for long periods in refugee processing camps in Vienna and Rome, and cutting their ties in the Soviet Union long before they could travel to the US.

Our new procedures encourage Soviet citizens who want to emigrate to remain in their homes and jobs in the Soviet Union until they can leave for the US. Our goal is to make the process humane and orderly.

The US has also made clear its concern about the possible settlement of Soviet Jews in the occupied West Bank and Gaza. We have told Israel privately and expressed our view publicly that settlements are an obstacle to peace. Although Congress is considering legislation that would provide additional funding to assist Israel in housing the wave of new immigrants, we have made clear that such assistance cannot be used to fund the absorption of Soviet Jews in the occupied territories, including East Jerusalem. Mr James Baker, the Secretary of State, told the House Foreign Operations Sub-committee on March 1 that the Administration would support loan guarantees for housing of Soviet emigrés in Israel only "if there were an assurance that there wouldn't be any new settlement activity."

Henry E. Catto,
US Ambassador,
24 Grosvenor Square, W1

Swiss protest and riot

From Mr Peter Holt.

Sir, The report ("Swiss riot over secret police files," March 5) gives a misleading picture of what took place in Berne on Saturday in two respects:

- Between 30,000 and 35,000 people took part in the demonstration (not the 3,000 mentioned in the agency report)
- The actual demonstration was peaceful – the riot involved about 200 "rowdies" on the very fringe of the rally.

Further, the Government has not said (as reported) that it "will allow citizens to see their files." It has said that it will allow them to see the index cards but not the contents of the dossiers.

The affair extends far beyond police files (city, cantonal and federal) kept on hundreds of thousands of people exercising their democratic rights to dissent. It extends also to files maintained by the Military Department (Defence Ministry).

Peter Holt,
Egghölzliweg 5,
Muri, Switzerland

Impact of high interest rates

From Mr W.R. Haines.

Sir, Mr John Wells charted the impact of high interest rates on manufacturing (Letters, February 28). The impact is, however, even worse than he states.

Manufacturing is penalised more than services by high interest rates. Even to maintain normal production, a manufacturer has to tie up money in raw materials, work-in-progress and finished stocks before he can sell his products. If he wishes to expand his production by investing in new machinery, he has a further lead time before he recoups it in sales revenue, while he is constructing new premises, installing machinery and testing the new plant.

The manufacturer, therefore, has to maintain higher assets for the same volume of sales than a service business. He pays a higher rate for these assets than his main overseas competitors. When the service businessman expands his sales, his costs are recouped faster and his profits are greater than those of the manufacturer. Moreover, the position is skewed further by the lower costs of starting up a new service, as opposed to, a new manufacturing business.

Does it matter if services suffer less than manufacturing? The export potential of services is far less than that of manufactured products, as pointed out by the study commissioned by the House of Lords. Secondly, services are less labour intensive than manufacturing. Yet the latter is vital for our working population of 25m.

This is Britain's core problem: how to employ effectively this large number of people. Since 1979, the country has had budgets which favoured the City at the expense of industry. Pragmatism is supposed to be the Tory tradition, yet their reliance upon interest rates alone has been more doctrinaire than the Labour Party when it was in power. For all their mistakes, the latter did try to help industry, with a variety of approaches.

As Mr Wells points out, there is not much left to help.

W.R. Haines,
262 Kirkdale, SE26

East German currency board

From Professors Steve Hanke and Alan Walters.

Sir, Professor Brian Tew (Letters, February 23) raises two questions about our proposal to establish an East German currency board ("Reform begins with a currency board," February 21).

First, Professor Tew asks: how would the currency board acquire the D-Mark assets required to back East German notes issued by the board? We allude to this issue in our article. West Germany would make a transparent grant of D-Mark assets to the East German board.

Second, Professor Tew asks: how could East German banks ensure convertibility of their deposit-liabilities? As is the case in Hong Kong and Singapore, convertibility of deposits at the rate set by the currency board would be assured by private cash arbitrage.

East German notes issued by a currency board would be fully backed with D-Mark assets and the board would exchange these notes at a fixed rate (say one D-Mark to six East German Marks). In consequence, if banks offered to convert their deposit liabilities at rates that differed from the board's, depositors would engage in cash arbitrage. Thus, all banks would be forced to offer the currency board's rate.

With an open banking system, competition would force all banks to offer the same risk-adjusted rates of return on deposits. Banks that failed to meet the competition would wither away and make room for new entrants.

Steve H. Hanke,
Alan A. Walters,
Department of Economics,
The John Hopkins University,
Baltimore, Maryland

One solution

From Mr R.A. Boyle

Sir, There is an obvious solution to a united Germany's membership of Nato, as discussed by Robert Mauthner ("Dilemma of a united Germany," February 27). Invite the Soviet Union to join Nato, perhaps stationing Russian Nato troops in West Germany, and US/UK Nato troops in East Germany.

Richard A. Boyle,
Genesis Corporation,
Paseo de la Castellana, 53,
Madrid

FINANCIAL TIMES
Wednesday March 7 1990

Kaifu challenged over trade talks with Bush

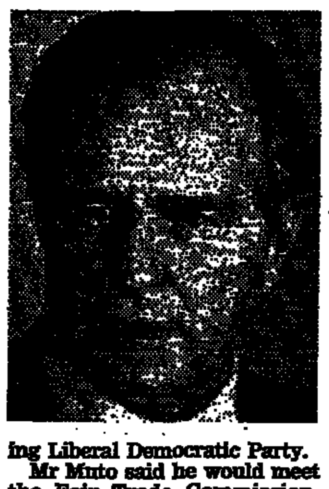
By Robert Thomson in Tokyo

MR TOSHIKI Kaifu, Japan's Prime Minister, fresh from a weekend in Palm Springs, California, with President George Bush, has returned to a Japanese political landscape coloured by controversy over what promises he made while in the US.

Mr Kaifu appears to have done all that could have been asked of him, promising the US nothing but saying enough to take some heat from the present bout of bilateral friction and convince Mr Bush he is a true believer in the Structural Impediments Initiative (SII) talks on trade.

But Mr Kaifu has been cornered by opposition parties in Japan who challenge his statements that the two leaders did not "arrive at any special agreement" and avoided talk of trade specifics. The opposition challenge comes as some US officials have the impression they have been given guarantees on reducing Japan's $49bn surplus.

The matter has been complicated by two press conferences held by Mr Misoji Sakamoto, Chief Cabinet Secretary. In the first, he said specifics of SII negotiations were mentioned in Palm Springs and then, at the second, hastily-called meeting, that specifics were avoided during the discussions.



US officials are unlikely to be satisfied with the vague assurances given by Japanese Premier Toshiki Kaifu (left) in weekend talks with President George Bush (right) about reducing his country's trade surplus. But Mr Kaifu's opponents at home claim he has promised too much

In a Cabinet meeting yesterday, Mr Kaifu said Japan's "foremost priority" was to reach agreement on SII, for which an interim report is to be prepared in April. A final report is due in July.

Among the SII issues raised by US negotiators is a revision of the Large-Scale Retail Stores Law, which has slowed the opening of larger retail outlets. Mr Kabun Muto, the new Minister of International Trade and Industry, said yesterday a major review of the law would be delayed for three years while consensus is built within Japan.

The US obviously wants earlier changes to the law, but even Mr Muto's vague promises of change have become a sensitive issue in Japan, where shopkeepers have considerable political influence and are traditional supporters of the ruling Liberal Democratic Party.

Mr Muto said he would meet the Fair Trade Commission, Japan's anti-monopoly body, to discuss US complaints that the policing of anti-monopoly laws is inadequate.

US trade negotiators have argued that the time for talk is over and are likely to be angered if Japan does not take obvious action against monopolies. The Fair Trade Commission has tried to improve its image by hiring more investigators and raiding the offices of alleged anti-monopoly offenders, but Washington remains to be convinced.

While Mr Bush has sought to build a personal relationship with Mr Kaifu, the Japanese Premier has more authority outside Japan than at home because he is from a small faction in the LDP and, before making decisions, must seek approval of his backers in other, stronger factions.

Mr Kaifu's opponents within his own party have leaked comments to the Japanese press since his return suggesting he either said too much or too little to Mr Bush and, in one case, showed weakness by agreeing to meet the US President at short notice and should have declined the invitation.

A senior LDP policymaker said: "I am afraid Kaifu may have given too high expectations to the US side that Japan will do everything asked."

He and other officials say the Government will only be able to muster "superficial" proposals in time for the SII's first deadline next month, suggesting Washington is unlikely to be appeased.

Afghan rebel leader flees after coup fails

By Robin Pauley, Asia Editor, in London

A COUP attempt against the Soviet-backed Afghanistan Government of President Najibullah appeared to have failed last night after a day of heavy fighting in which rebel air force pilots bombed the presidential palace.

The coup attempt was led by General Shanawaz Tanai, the 40-year-old Defence Minister, who belongs to a faction traditionally opposed to President Najibullah's group within the ruling communist People's Democratic Party of Afghanistan (PDPA).

Last night Kabul Radio and Tass, the Soviet news agency, reported that Gen Tanai had fled. Tass said that the coup attempt had failed.

Lt-Gen Mohammad Aslam Watanjar, the Interior Minister and a former Defence Minister, was appointed to replace Gen Tanai.

Despite the reported failure of the coup, Tass also said that fighting was continuing in Kabul.

"Fighting is especially fierce in the area of the Defence Ministry, where there are clashes with the use of heavy weapons. Another column of tanks and troops just went in that direction," the Soviet news agency said.

The armed forces high command broadcast a call to all those involved in the "treacherous conspiracy" to surrender. "If you surrender as soon as possible to the nearest units of the armed forces, your life and property will be immune," the statement said.

The coup attempt was supported by one of the Pakistan-based Afghan Mujahideen groups which has fought against the PDPA since before the start of the 11-year Soviet occupation which ended last year.

"We support the action of the army officers against the Kabul regime," said Mr Gulbuddin Hekmatyar, the most extreme fundamentalist of the seven main Pakistan-based Afghan resistance leaders. He said he had instructed his Hezb-i-Islami guerrillas to support all the army units involved in the coup attempt.

Mr Hekmatyar claimed to be responding to an appeal by mutineer officers in Afghanistan. "We are supporting whoever is fighting the Kabul regime and helping the Mujahideen in setting up an Islamic government," he said.

However, Gen Tanai's aim appears to have been to replace one PDPA faction with another, rather than help an Islamic government to overthrow the communist administration.

General Motors settles on UK for new European engine plant

By Kevin Done, Motor Industry Correspondent, in Geneva

GENERAL MOTORS (GM) of the US, the world's leading vehicle maker, has settled on the UK, rather than West Germany, as the site for its planned £150m-£200m ($246m-$328m) European engine plant.

The facility will be built at Ellesmere Port, Merseyside, in north-west England, where Vauxhall, GM's British subsidiary, operates one of GM's two UK car assembly plants.

An official announcement on the project, which is likely to create about 400 jobs, is expected around the end of March. The plans envisage building more than 100,000 units a year of a new 2- to 3-litre range of V6 engines at Ellesmere Port.

GM's UK operations have faced stiff competition for the project from West Germany. GM had also been considering building the plant at Kaiserslautern, where it already has extensive engine and component operations.

The new engines will play an important role in enhancing the presence of GM (Opel in continental Europe and Vauxhall in the UK) in the European executive car market, and will also be supplied to Saab Automobile for use in future ranges of Saab cars.

GM bought a 50 per cent stake and management control in the Swedish Saab car operations in December last year and is committed to a large expansion of the Saab range including the development of a new top-of-the-range Saab luxury car.

GM will also build about 200,000 additional aluminium multi-valve cylinder heads at the Ellesmere Port plant, for use in its smaller four-cylinder engines assembled at its continental European engine plants.

GM's decision to site the engine plant in the UK is a significant vote of confidence in its Vauxhall operations, which have staged a dramatic financial recovery in the last three years. Vauxhall is expected to report a record operating profit of more than £250m for 1989, an increase of 65 per cent from £152.4m in 1988.

Until 1987, Vauxhall had suffered almost two decades of uninterrupted losses. It achieved record car sales in the UK last year and has emerged as the fastest-growing leading car maker in the UK new car market.

GM's decision in favour of Ellesmere Port will also open the way for the introduction of a far-reaching package of labour reforms at the plant, which had been agreed by the workforce in return for the investment.

A substantial factor in GM's decision to favour the UK was its wish to balance the distribution of its components sourcing with the distribution of its sales in Europe, in order to avoid problems with exchange rate fluctuations.

Its sourcing was previously heavily biased towards West Germany, but in recent years it has been seeking lower-cost sources, such as the UK, which has benefitted from the transfer of more than £450m a year of business in the three years from 1986 to 1988.

Following its substantial withdrawal from UK manufacturing in the strike-ridden years of the 1970s, the decision to increase its investment at Ellesmere Port is also a sign of its wish to establish a closer relationship with the UK, which has been dominated in recent years by Ford, GM's US arch-rival.

The US car maker has chosen the UK in spite of its disappointment last year over its failure to reach a deal which would have brought it a minority stake in Jaguar, the UK luxury car maker.

Its protracted negotiations with Jaguar were undermined in part by the UK Government's decision to abandon prematurely its so-called golden share in Jaguar, which opened the way for a successful full bid by Ford.

Lord Young tells why Rover was sold to BAe, Page 19

Kohl drops demand on border issue

Continued from Page 1

sively through a hard currency."

Mr von Weizsäcker, who is known to disagree with Mr Kohl's tactics over the Polish border issue and to side with Mr Hans-Dietrich Genscher, the Foreign Minister, suggested that over-quick unity could produce an "unhealthy" state.

If unity came about "merely as a result of a form of emergency economic annexation" it could take up a form "in which one part was sick in its self-confidence. That would lead to a disease of the whole."

Implicitly taking issue with the Chancellor's unification policies, Mr von Weizsäcker said: "We are experiencing a very escalated debate over the constitutional way to unity."

The president termed as "somewhat premature" discussions among the dominant conservative coalition parties over implementing unity through Article 23 in the Bonn constitution. This allows East German regions to join West Germany without any change to the latter's constitution.

Mr Kohl on Monday evening pointedly came out in favour of this approach, which allows East Germany to "accede" to the Federal Republic under an automatic mechanism.

"Why do they get excited here in Bonn over whether Article 23 is the only way to unity when this is a question which first and foremost has to be decided in East Germany?" Mr von Weizsäcker asked.

Mr Kohl's move yesterday is likely only partly to have cleared the air over the tortuous question of the validity of Poland's western border, which was established in 1945, not through international law but through annexation.

US seeks emphasis on private sector

Continued from Page 1

cating the World Bank, with support going to governments and state enterprises rather than private sector projects.

The official said, for example, that lending to a state-owned enterprise to assist privatisation should be a higher priority than lending to a similar enterprise which wanted to retool to make cars rather than trucks or tanks.

The risk, the official said, was of lending which allowed enterprises to stay as they are, rather than contributing to the development of a market oriented economy.

There is some feeling within the Administration that unless this point is satisfied US resources might be better used bilaterally or through the World Bank and the International Finance Corporation, (the latter with a specific brief of promoting the private sector).

However, the State Department and others are stressing the importance for the US to be involved in the European plan. The US is also concerned over the position of the Soviet Union which will be a member of the bank's board

But there is "a lot of concern whether the Soviet Union should from day one be a full borrower. This could distort the lending of the bank."

Denominating the base of the bank in Ecus rather than dollars could also create budgetary problems for the US which cannot project its contributions on uncertain exchange rate calculations.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	15	59	Dubrovnik	S	13	55	Malta	C	13	55	Rhodes	S	13	55
Algiers	S	21	70	Edinburgh	R	9	48	Manchester	C	10	50	Rio de J'o	C	32	90
Amsterdam	C	8	46	Faro	C	15	59	Manila	C	32	90	Rome	S	14	57
Athens	C	10	50	Florence	S	13	55	Melbourne	S	23	73	Salzburg	F	9	48
Bahrain	S	21	70	Frankfurt	F	7	45	Mexico City	R	23	73	San Francisco	C	9	48
Bangkok	F	33	91	Funchal	C	16	61	Miami	C	17	63	Seoul	S	9	48
Barcelona	S	14	57	Geneva	S	7	45	Milan	S	10	50	Singapore	F	32	90
Beirut	-	-	-	Gibraltar	C	14	57	Montreal	S	-17	1	Stockholm	C	6	43
Belfast	R	5	41	Glasgow	R	9	48	Moscow	C	-1	30	Strasbourg	S	9	48
Belgrade	C	6	43	Guernsey	R	9	48	Munich	S	8	46	Sydney	S	19	66
Berlin	C	8	46	Helsinki	C	3	37	Nairobi	-	-	-	Taipei	R	20	68
Biarritz	S	13	55	H. Kong	F	17	63	Naples	S	12	54	Tangier	S	18	64
Bombay	F	27	81	Innsbruck	S	7	45	Nassau	C	25	77	Tel Aviv	C	16	61
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Nissan chief attacks import barriers

Continued from Page 1

Japanese car maker but the leading Japanese marque in the West European car market, was the first Japanese group to begin car assembly in Europe in 1986 with its plant at Sunderland in north-east England, which will be producing 200,000 cars a year by 1992-93.

Mr Kawana said that Nissan would have invested about $2bn in Europe by 1993. It has a workforce of about 6,600 in its Spanish commercial vehicle operations and 2,500, which will rise to 3,500 by 1992, at its UK car plant.

The UK car operation would increase its purchase of European components to £450m-£500m ($742m-$825m) a year by 1993 from the present level of around £150m a year.

Nissan was aiming to become "a truly multinational company," he said, with increased local production, raised local content, stronger local research and development, local management and local decision-making. "We look at examples such as General Motors and Ford and will achieve this goal very soon."

Nissan was aiming to reduce exports from Japan, increase local production overseas and increase imports to Japan.

Nissan's vehicle exports had fallen from a peak of 1.41m in 1985 to a planned 1.07m in 1990, when it would produce about 680,000 vehicles abroad, said Mr Kawana. Its target was that locally-produced vehicles should account for two-thirds of all overseas sales by the end of the 1990s compared with one-third at present, with overseas output more than doubling

Price pact for line leasing abandoned

By Lucy Kellaway in Brussels

THE EUROPEAN telecommunications industry is to abandon a voluntary price-setting arrangement covering international leased telephone lines, following an unusual intervention by the European Commission.

The Commission has found that a pricing recommendation put out by the European Conference of Postal and Telecommunications Administrations, the main industry organisation, amounted to an anti-competitive practice and has persuaded it to withdraw it.

The decision may come as a blow to telecommunications companies because international leased lines are one of their most profitable businesses. According to a recent report by Ovum, the London-based consultancy group, European telephone companies charge between four and 20 times costs for their international leased lines.

The decision is being seen as a landmark in the application of European competition law to the telecommunications industry. It is the first time that the Commission has taken action against CEPT, which represents the telecommunications administrations of 26 European countries and which had assumed that its actions lay outside the scope of Community competition law.

The Commission decided that even though the recommendation was not binding, it was an illegal agreement between companies to restrict competition and was therefore against the Treaty of Rome.

The decision is intended to send a clear signal to the telecommunications industry that the Commission will continue to scrutinise prices charged for leased lines in the future.

The offending recommendation had provided for a 30 per cent surcharge on third-party traffic carried on international leased lines and also set rules for determining the prices charged to the leasor.

The investigation into the CEPT recommendation, which has been in force for many years but was strengthened in April last year, was made on the Commission's own initiative. However, it followed complaints received by two large international telephone companies, which argued that the price-setting arrangement was adding to telecommunication costs and was limiting the growth of value-added services.

The decision comes when the Commission is trying to open up the telecommunications market in Europe, and is seeking to increase its influence on the industry.

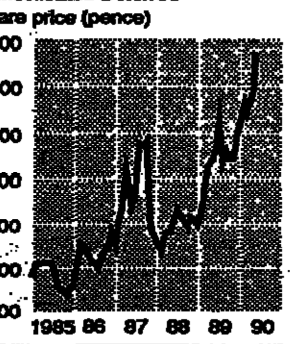
THE LEX COLUMN

One more De Beers for the road

The reorganisation of De Beers seems like a judicious compromise. A complete separation of the South African and overseas interests might have smacked too heavily of deserting the sinking ship. After all, Anglo American still has plenty of South African interests and will doubtless remember the shock to the Hong Kong market when Jardine Matheson moved domicile. On the other hand, however much De Beers may protest that the move is nothing to do with African National Congress talk of nationalisation, it will make the task of avoiding the threat of state control that much easier. Old City hands were yesterday recalling that Nestle devised a similar scheme for its US interests during the Second World War.

De Beers

Consolidated Deferred share price (pence)



Apart from the element of political insurance which the reoganisation brings, it should also do its bit to enhance shareholder value. Securities that have been stapled together can always be unstapled. Indeed merchant bankers may even now be beavering away devising schemes to help investors separate their interest in the two shares. Even placing apparently undemanding price-attributable earnings ratios of 10 on the overseas interests and 5 on the South African businesses gives a share price of $27, well above yesterday's $22 London close.

That said, De Beers faces a number of difficult negotiations with Botswana, Namibia and Australia's Argyle mining which may restrain any enthusiasm for a sharp jump in the share price. And however much pension funds may look wistfully at yesterday's 25 per cent jump in De Beers dollar pre-tax profits, trustees may still constrain them from investing until the South African link is properly broken.

Markets

There is a more bearish smell about the UK equity market than there was a fortnight ago. True, the market has already fallen by 10 per cent from its early January peak, or nearly twice as far as Wall Street. And a historic yield of 4.8 per cent on the FT-A All Share index is beginning to look attractive when companies as disparate as Fisons and Raine Industries continue to show such handsome dividend increases, and bellwether stocks like ICI are seeking powers to buy back their shares. However, sentiment has begun to change in that investors are now thinking up reasons for not selling, rather than for not buying.

Despite the recent disappointing UK trade figures and increased inflationary concerns, the equity market is less worried about the UK economy than it is about domestic politics and international events. The big privatisation stocks have been leading the market lower and although the markets are as fickle as politicians' fortunes, the FT-SE 100 index was a good 130 points lower in the immediate aftermath of Mr Nigel Lawson's resignation last October.

The market over-reacted to the political events then, and may be overestimating the long-term damage of the Government's current problems. However, the equity market had the cushion of UK government bond yields which were 140 basis points lower than they are now. Indeed, none of the world's equity markets have fully reflected yet the sharp setback in the bond markets since the start of the year. The Tokyo market has begun to be affected, but Wall Street and the US dollar still seem to be benefiting from the "safe-haven" syndrome. If this were to change then the FT-SE 100 could test the 2000 level before it found real long-term support. The risks of this happening have increased over the last fortnight.

Fisons

It says a great deal for the reputation of Fisons' managers that with its shares trading now at 14.5 times last year's earnings, investors still value its stock more highly than Glaxo's. There is, after all, room for a bearish view about Fisons, or at any rate plenty of niggles. Yesterday's news from Fisons of a dividend up 24 per cent for 1989 was all well and good; but it is also not much more than should be expected from a company that has taken £470m out of its shareholders' pockets in rights issues in the last five years. As for Fisons' Tilade asthma drug, at only £10m-£15m last year sales are significantly less vigorous than the stock market was hoping for in the heady days of 1986.

It is striking, too, that even after the growth in its high-margin ethical drug business, and with pre-tax profits up 28 per cent at £169m last year, Fisons only now achieves what it regards as adequate returns on capital. But in spite of all this, it is difficult to see why Fisons' shares should not go on outperforming the FTA-All-share for some time to come, especially since Tilade could still be making £100m plus in profits by 1996 or so. It is hard to be bearish for very long about a company which can presumably manage its way out of most things, given its record of avoiding blunders and pulling off sensible acquisitions.

The $460m Pennwalt drug acquisition in 1988 seems to have been a case in point; not only did the additional sales coverage help boost US sales of Fisons' Intal drug, but Fisons apparently found plenty of surplus overhead ready for cutting. On this showing, it is hard not to be optimistic about its recent purchase of VG Instruments, especially since VG's order-book is already running ahead of Fisons's budget.

City property

Property shares have been behaving as if they were in the midst of a bear market for several months, so the sight of Wates City of London Properties reporting a 13 per cent rise in its net asset value over the last year is a reasonably optimistic sign. According to Wates there are two property markets in the City. The one it is in – big, high quality properties – is still enjoying healthy demand from international investors. By contrast, demand for the domestic and fringe properties is sagging.

This view has a certain attraction. If Japanese investors can get yields of 6 per cent in prime London properties when they can only get 1 per cent in Tokyo, then money may continue to flow into the City. However, the record of Japanese investment in US real estate suggests that they cannot be relied upon to continue paying silly prices especially when their own equity and real estate markets are falling.

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

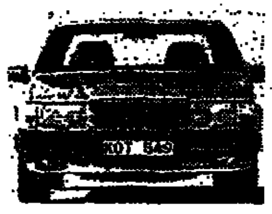
Large mainframes are in demand

Demand for powerful mainframe computers is still growing strongly in the US according to leading computer manufacturers, challenging the conventional view that the large systems market has slowed to the point of stagnation. International Business Machines (IBM), the world's largest computer manufacturer, and competitors selling IBM compatible equipment say they are seeing growth of more than 10 per cent a year for their largest systems. "Our gross profit on mainframes was higher than the year before and right on the plan that we had set for it," said Jack Kuehler, IBM's president. **Page 24**

A tree for a tree

Sweden is the only major timber-producing country in the world except for Finland that is planting more trees than it is cutting down. This is no accident but the result of a far-sighted national strategy that has existed since the last century and was first enshrined in a law of 1903 stipulating that for every tree felled *more than one had to be planted within three* years. Sweden treats its trees like a bank, and not a mine as in Canada, says Jan Remröd, director of the Association of Forest Industries. "This is a unique policy and goes against the world trend," he says. **Page 32**

Volvo profits fall 31 per cent



Volvo, the Swedish automotive group and the largest private sector company in Scandinavia, suffered a worst than expected fall of 31 per cent in its operating profit for 1989. The company experienced a particularly bad fourth quarter, and the sharp decline in overall performance was blamed on rising costs and weak productivity growth in Sweden, together with an adverse dollar exchange rate and growing sales difficulties especially in the American truck and car market. *Page 22*

Indosuez deal with B&C

Banque Indosuez is to acquire British & Commonwealth's 37.9 per cent stake in London & Strathclyde Trust if its purchase of Gartmore, the ailing financial services group's UK fund management arm, proceeds tomorrow as expected. The two sides confirmed yesterday that they are discussing the sale for a total cash consideration of approximately £150m. David Owen reports. **Page 28**

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Allianz	2505	+	20	Facom	1730	+	83.9
Springer	820	+	17	Metrologie	2249	+	10.3
Falls				Synthelabo	543	+	26.2
Bayer-Verein	388	−	9	**Falls**			
Hochtief	1220	−	8	BHV	700	−	29.7
Mercedes	734	−	8.5	Casino	141.5	−	20.8
Preussag	392	−	9	Legrand	3345	−	129.6
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Circuit City	$23\frac{1}{8}$	+	$\frac{5}{8}$	Daido Steel	1570	+	170
First Fidelity	$23\frac{1}{4}$	+	1	Daito Kogyo	1470	+	200
May Dept.	$47\frac{1}{4}$	+	$\frac{5}{8}$	Nippon Chem	2000	+	180
Pinnacle West	$13\frac{5}{8}$	+	$1\frac{7}{8}$	Nippon Tetra	1370	+	170
Falls				Sailor Pen	1390	+	200
Cape Cod Bk.	22	−	$2\frac{1}{2}$	Toshiba Eng.	1750	+	170
LIN B'cast	$82\frac{1}{8}$	−	$19\frac{7}{8}$				

New York prices at 12.30.

LONDON (Pence)							
Rises				Granada	275	−	14
Barclays	581	+	5	Hawker Sidd.	593	−	10
GKN	391	+	4	Hillsdown	250	−	6
Midland	330	+	5	MEPC	476	−	5
RTZ	518	+	7	RHM	379	−	6
Falls				Rechem Envmtl.	423	−	21
Bass	917	−	14	TV-am	165	−	7
Brit.Aerospace	476	−	8	Thames Water	153	−	$4\frac{1}{2}$
Chiltern Radio	230	−	27	Water Pkg.	1550	−	88
Fisons	318	−	6				

De Beers to spin off overseas interests

By **Patti Waldmeir** in Johannesburg

DE BEERS, the South African mining group, yesterday said it would spin off its overseas interests into a new Swiss-registered company, in a move apparently intended as a hedge against nationalisation.

Announcing sharply higher pre-tax profits for the year to December 31, 1989, Mr Julian Ogilvie Thompson, chairman, said the group's foreign interests would be housed in a new Swiss company to be called De Beers Centenary, while its South African interests would continue to be held through De Beers.

Existing shareholders of De Beers, which controls about 80 per cent of world trade in rough diamonds, would henceforth hold securities in both the foreign and local groups.

But the securities would be "stapled" together and tradable only as one unit.

Mr Ogilvie Thompson denied that the decision was the result of concern at the policy of nationalising mines, banks and "monopoly" industries supported by Mr Nelson Mandela, the deputy president of the African National Congress (ANC).

The De Beers chairman said he did not think it likely the ANC would implement such a policy, adding that yesterday's move did not reflect on current political developments in South Africa, which he said he welcomed. It was not a disinvestment, as no South African assets had been sold. However, brokers in Johannesburg said the isolation of overseas interests in a Swiss-registered company would make it easier to avoid nationalisation, should an ANC government come to power and decide on such a course.

Under the restructuring, De Beers Centenary will hold the foreign elements of the London-based Central Selling Organisation (CSO), *diamond stocks* and other assets of trading subsidiaries, other African interests, and investments in foreign companies including Minorco.

De Beers would continue to hold the company's interests in South African diamond mines, South African elements of the CSO and investments in South African companies. Based on 1989 provisional results, the attributable earnings of the foreign group would represent 80 per cent of the whole.

Brokers said the new structure would highlight the fact that De Beers is a predominantly international company, whose shares none the less trade on a discount because of its South African involvement. News of the split, and higher than expected 1989 earnings, boosted De Beers shares to close R10 up last night at R84. However, they noted that, as the shares cannot be traded separately, the rerating effect was primarily psychological.

Mr Ogilvie Thompson announced a sharp rise in pre-tax profits to R3.84bn ($1.5bn) compared with R2.87bn. Attributable profit was R2.86bn against R2.09bn, and the 1989 dividend was lifted from R2 to R2.80. He said he expected retail diamond sales to be about the same this year as *last* in US dollar terms.

Lex, Page 21

SGS-Thomson returns to black with $3.2m net profit

By **William Dawkins** and **Michael Skapinker** in Paris

SGS-THOMSON, the Franco-Italian semiconductor group, faces a tough year in 1990 and will call for more cash from its banks and controlling shareholders, Mr Pasquale Pistorio, president, said yesterday.

The warning came as SGS-Thomson reported its first net profit since its foundation in 1987. Europe's second biggest semiconductor group after Philips of the Netherlands made a $3.2m net profit in 1989, a sharp swing from the previous year's $68.6m loss.

The company, whose controlling shareholders are Thomson CSF, the French state-controlled electronics group, and IRI/Finmeccanica, the Italian state-owned holding group, also called for tougher European action to open the Japanese chip market.

SGS-Thomson's sales rose from just over $1bn to $1.3bn, including the first contribution from Inmos, the British company which the group acquired from Thorn EMI last April. Inmos, best known for its computer-on-a-chip transputer, was just above break-even with sales of about $120m.

SGS-Thomson has not yet achieved two of its most important aims, to make an impact on the crucial Japanese market, which accounted for a mere 2 per cent of its sales last year, and to start making D-Rams (dynamic random access memories), the basic building blocks of computers.

Mr Pistorio noted that the US had made better inroads in Japan by using political muscle. He called on the European Community, to do the same through a more unified policy on investment aids, import quotas and anti-dumping rules.

SGS-Thomson had planned to be in the D-Ram market by now. But Mr Pistorio said that while this was the group's top priority this year, D-Ram production had become less urgent due to a steep price fall in the second half of last year.

The group was talking to big Japanese, US and European partners about forming a "major strategic alliance" in D-Ram production this year.

Meanwhile, Siemens of West Germany, the only European-owned producer of D-Rams, is forging ahead with a joint research project with IBM to produce a 64 megabit D-Ram, likely to come into production in the mid-1990s. Mr Pistorio claimed to be unworried by this, saying it could only benefit the Joint European Submicron Silicon Initiative (Jessi), in which SGS-Thomson is a partner. He maintained SGS-Thomson was on track to increase its world semiconductor market share from the present 2.7 per cent to 5 per cent by 1994, the minimum Mr Pistorio believes is needed for long-term survival.

To do this, SGS-Thomson's sales needed to grow by 30 per cent annually, a target which Mr Pistorio said would only be hit by SGS-Thomson making new alliances or acquisitions.

Pathé to acquire MGM/UA for $1.9bn

By **Alan Friedman**
in San Francisco

PATHE Communications, the Hollywood film studio controlled by Mr Giancarlo Parretti, the Italian financier, has agreed to acquire MGM/UA, the legendary Hollywood film and television studio that is majority controlled by Mr Kirk Kerkorian, in a deal worth $1.9bn.

The deal, which follows 45 days of secret negotiations, calls for Pathé to launch a public tender offer for MGM/UA at $20 a share, or $1.26bn.

This represents a premium of $6\frac{1}{8}$ over MGM's share price on the New York Stock Exchange of $13\frac{7}{8}$. In addition, Pathé will assume MGM's $400m of subordinated debentures and a further $200m of non-interest-bearing debt to suppliers. When an estimated $40m of expenses are included the deal has a total value of $1.9bn.

Mr Kerkorian has agreed to tender all of the 80 per cent of MGM/UA that he owns through his publicly-quoted Tracinda *Corporation and the Lincy Foundation*, which he controls.

The Pathé-MGM/UA deal follows repeated attempts by Mr Kerkorian to sell MGM/UA.

It marks the biggest takeover of a Hollywood studio since Sony of Japan last year paid $3.4bn to acquire Columbia Pictures and is the largest acquisition by European *interests of a* Hollywood studio.

Last year a plan to sell MGM/UA to Qintex of Australia for $1.5bn fell apart after the Australian group proved unable to raise the cash. A separate $1.35bn offer from Mr Rupert Murdoch's News Corp also was shelved.

Mr Paretti is hoping to raise around $600m of the purchase price either by offering Time Warner, the leading US media and entertainment group, exclusive worldwide distribution rights to the UA film and video library or by the piecemeal sale of rights to television companies in Europe and Japan.

Negotiations for the UA library have been under way between Mr Paretti and Time Warner for several weeks, but as of yesterday the deal had not been agreed.

If the Time Warner distribution deal is not concluded then Mr Paretti hopes to raise cash by selling rights to the UA titles on a country by country basis.

Around $200m of the cash needed by Pathé would be raised by the sale of Mr Paretti's Renta Group, a Spanish property concern. In addition further eventual funds could come from MGM's cash balance.

The lost promise of rapid overseas expansion

Katharine Campbell on the row over securities trading at DG Bank

Helmut Guthardt in Paris yesterday to meet with French banks

"WE VIEW the biggest possibilities for future growth to be in the services area, which is hardly or not at all reflected in the balance sheet." The words are those of Mr Helmut Guthardt, DG Bank chairman, back in 1986, explaining how the overbanked German market was forcing DG, the umbrella institution for the regional co-operative banking system, away from pure lending into investment banking services.

The irony of course was unintentional. Less than four years later it was a discrepancy in booking inter-group securities transactions that alerted DG Bank to the train of events which resulted in the dismissal of a senior bond trader, and the current row with nine French banks as to whether DG committed to repurchase some DM6bn ($3.5bn) worth of bonds.

DG's parent books showed no commitment to repurchase the bonds, whereas those of its building society *did. It was a fine* example of services not reflected in the balance sheet – but not exactly what Mr Guthardt had in mind.

While the outcome and exact detail of the affair are still unclear, the French financial establishment is furious that the spoken rules that usually bind *the dealing community*, have apparently been broken. They are keen to ensure that DG, and German banks in general, do not forget the episode quickly.

German bankers have largely closed ranks behind DG, reserving official judgment until the full facts are known. But there is still a measure of exasperation, given that Frankfurt's reputation as a leading financial centre is taken increasingly seriously.

The fierce competition between European financial centres *means* there is a *strong temptation* to make a political point out of market disasters. French bankers attacked London's standing after the Hammersmith & Fulham *affair*, when a *High Court* ruling (since partially overturned) declared all local authority interest rate swaps illegal. The French protested that the principle of "my word is my bond" had been disregarded – and by a branch of the Government into the bargain. The Bank of England was known to be furious.

The Bundesbank, meanwhile, appears to be resisting elevating what it regards as a civil dispute *into* a political row. Attempts to restore any lost credibility to the German banking system are likely to be behind the scenes.

More serious is the effect on *DG itself*, regardless of the outcome of the affair. Mr Friedrich Steil, the dismissed bond trader has publicly confirmed that he agreed, orally, to repurchase the securities, in the name of DG Bank. The bank argues oral agreements are not binding, and that Mr Steil was acting beyond his authority, but a market reputation is a sufficiently fragile commodity that even legal rectitude on DG's part is unlikely to wipe the slate clean.

The bank has already suffered damage and faces a threat to its ambitions of international expansion, especially if it ultimately has to absorb heavy losses and *turn to its reluctant shareholders* for more capital.

Abroad, a large number of French banks (including some not involved in the disputed *deals) are refusing to enter into* new business with DG. In London, one or two banks are refusing to deal with the name, and others are considering taking *action*.

At home, savers at the co-operative banks, which represent DG's life blood, are nervous at events they do not fully understand. The public needs pacifying – even though savings are guaranteed by the entire co-operative system, and so not at risk even if DG were shut down.

If forced to pay for the bond losses, DG would take a sharp knock – a loss of DM600m would represent just over a third of its DM1.76bn equity capital.

The bank has already provided DM280m in its 1989 accounts, for such an eventuality. It has said that, at worst, it might have to set aside the same amount in *1990*.

A bill of DM600m would presumably make a considerable dent in DG's profits. Like most German banks with large bond portfolios, DG would probably also face large write-downs on those holdings given the recent collapse at the long end of the German fixed-income market.

DG does not disclose profits, but admits they dropped in 1989 because of lower interest income after adjusting for the acquisition of several banks *during the year*. The group has expanded rapidly in the last few years, in size and product-line, propelled by Mr Guthardt's ambitions to create a universal bank that can compete internationally.

At the end of 1989, after absorbing two regional co-operative central banks, it ousted West-Deutsche Landesbank as Germany's fourth largest financial institution. DG now has a consolidated balance sheet total of around DM187bn.

Abroad, it is cementing ties with other co-operative institutions. At the beginning of February, the Unico club of European co-operative banks, announced a range of reciprocal services. The club includes DG and Crédit Agricole, the French bank.

Some of DG's blue-blooded *domestic* competitors sniffily dismiss DG's ambitions as hybristic, but their criticisms are not always apt.

Without a network of house accounts like the big universal banks, DG has to be more imaginative. However, imagination has not always served the bank well. It has already suffered some hefty knocks, notably in its association with Co op, the subject of one of Germany's more spectacular corporate scandals.

When it took a stake in the ill-fated Co op in 1985, DG stressed it did not see the holding as a long-term investment. Together with Bank fuer Gemeinschaft, it is now, after a long and unhappy saga, *left with the bulk* of the shares of the embattled retailing concern.

At the very least, the current debacle will demonstrate that DG's internal controls were insufficient in a phase of rapid growth, and possibly undermined its international plans.

Meanwhile, its shareholders, the 3,500 regional co-operative banks sound generally loyal to their mother institution. But DG cannot, even if it were politically *feasible, raise capital* (except very indirectly) outside of its shareholders.

Should hidden reserves prove insufficient to cover potential losses, a call on the shareholders might stretch their loyalty.

"Even if – and I don't assume this will happen – DG had to pay DM1bn, I would resist any participation in that payment," the manager of a Frankfurt co-operative said the other day, in an attempt to reassure his own *customers*.

An element of restructuring might be the price DG would have to pay for raising more capital. The extent of this would depend on the size of the request.

Finnish forest groups plan FM25bn merger

By **Enrique Tessieri** in Helsinki and **Maggie Urry** in London

RAUMA-Repola, a Finnish engineering and forest group, *and* United Paper Mills (UPM), the country's fourth largest forest group, are planning to merge their operations and form Finland's largest quoted company.

The combined annual turnover of the new company, to be called Repola, will be FM25bn ($6.2bn). The company will employ 35,000 persons. Although there has been talk in the past about merging Rauma-Repola's forest division with UPM, the decision to merge both companies took analysts by surprise.

The proposed merger follows the aggressive taking of a stake in UPM by Metsä-Serla, another Finnish pulp and paper group, in January which had prompted speculation of a merger between the two groups. Metsä-Serla failed in a share battle to acquire 33 per cent of UPM, but claimed that it had ended up with roughly 30 per cent of UPM at a cost of around FM2bn.

As a defence to that move, UPM made a directed share issue to Rauma-Repola at just FM160 per share, raising Rauma-Repola's stake in UPM from 6 per cent to around 13 per cent.

Analysts felt that the Rauma-Repola/UPM merger would leave Metsä-Serla the loser.

Repola will comprise three divisions.

These will be a forest division, UPM, which is expected to have FM15bn turnover; an engineering division, Rauma, which will generate FM8bn in turnover, and a plastic packaging division, W Rosenlew, with turnover of FM2bn.

According to the terms of the merger, Repola's share capital will be FM1.5bn, divided approximately into 150m shares with a nominal value of FM10 per share. The proposed merger terms are:

- 12 Repola shares for every five ordinary UPM shares;
- eight Repola shares for every five preference UPM shares;
- five Repola shares for every 12 Rauma-Repola shares.

INTERNATIONAL COMPANIES AND FINANCE

Escalating costs hold back Volvo

By Robert Taylor in Stockholm

VOLVO, the Swedish automotive group and the largest private sector company in Scandinavia, suffered a worse than expected fall of 31 per cent in its operating profit for 1989, to SKr4.82bn ($785m) from SKr7.03bn.

The company experienced a particularly bad fourth quarter, when its operating profit was more than halved to SKr802m from SKr1.98bn.

The sharp decline in Volvo's overall performance was blamed on rising costs and weak productivity growth in Sweden, the weaker dollar which cut operating income by an estimated SKr800m, and growing sales difficulties, especially in the US market.

Volvo also said that total product development costs for new products climbed by SKr1bn to SKr6.2bn, most of which was spent in the car and truck operating sectors.

Group sales fell by 5.3 per cent to SKr90.97bn from SKr96.64bn. Mr Gunnar Johansson, president, said that although sales had held up well in the second half of 1989 there were signs of a "levelling-off" in a number of the group's most important markets for cars and trucks.

The board is to propose a dividend of SKr15.50 a share, compared with SKr14 last year. It also proposes to offer employees convertible debenture loans to a value of SKr1.68m.

In the fourth quarter, two large cost items totalling SKr794m were excluded from operating income of SKr802m. These were a SKr444m write-off in connection with the acquisition of Volvo Concesionarios, the Spanish general agency, and SKr350m due to a change in the group's accounting methods related to the valuation of supplies and spare parts for fixed assets.

If these charges are included in the figures the operating income in the fourth quarter falls to only SKr8m against SKr1.98bn in 1988.

But the picture is not as bleak as such a figure would suggest as Volvo includes all its charges for research and development costs in income for the year in which the development activities take place.

Mr Johansson acknowledged that the last quarter was "considerably lower" than for the same period of 1988 and added "more than half the decrease was attributable to the cars operating sector."

For the whole of 1989 operating income in the car sector fell by 46 per cent to SKr1.94bn from SKr3.6bn, by 14 per to SKr2.28bn from SKr2.65bn for trucks, and by 18 per cent to SKr240m from SKr293m for buses. Volvo also suffered a 30 per cent decline in operating income from marine and industrial engines to SKr150m from SKr215m.

The group saw an improvement on its 1988 results in only two product areas, food and aerospace, where profits rose 144 and 11 per cent respectively. But operating income was boosted by a SKr785m gain from the sale of the Scandinavian Trading Company and Hilleshög. If those divestments are excluded, operating income totalled SKr4.82bn, a 43 per cent decline on the 1988 figure.

Mr Johansson warned that "in the face of stiffening international competition, we can no longer compensate for the high level of costs in Sweden by raising prices." He said Volvo was reviewing its costs and "taking strong measures to boost productivity in plants and offices."

Fisons' pre-tax profit up by 28%

By Peter Marsh in London

MR JOHN KERRIDGE, chairman of Fisons, yesterday unveiled a 28 per cent rise in pre-tax profit for 1989 and promised further growth over the next few years from his company's "well-balanced portfolio" of businesses.

The drugs, scientific equipment and horticulture company had a taxable profit of £169m ($277m) for the year to December 31, against £132.1m in 1988.

Sales increased 24 per cent, from £823.7m to £1.02bn, while earnings per share rose 14 per cent from 19.5p to 22.3p.

The company announced a final dividend of 3.85p per ordinary share which, together with an interim dividend already paid of 2.35p, makes a total for the year of 6.2p, up from 5p in 1988.

Mr Kerridge said that all three divisions of the company performed well in 1989. Each was in "attractive growth markets" and, as a result, Fisons was well placed to meet the opportunities of the 1990s. The company's pharmaceuticals unit, its biggest division, had a trading profit of £127.7m last year, up from £91.5m.

Mr Kerridge said there was further strong growth in sales of Intal, the company's asthma drug which is Fisons' biggest selling product, with estimated annual revenues of £140m.

Fisons' scientific instruments division showed a trading profit of £31.2m, compared with £27m in 1988. The company was boosted by the £270m acquisition of VG Instruments, the UK's biggest analytical instrument maker, which put Fisons into the number four position worldwide.

Fisons' third and smallest business unit, which makes specialist horticulture products, had a trading profit of £8.1m, compared with £5.2m last time.

Sales for the pharmaceuticals, instruments and horticulture divisions in 1989 were £473m, £467.7m and £79.1, up from £327.6m, £419.5m and £76.6m the year before. Total trading profit was £167m (£128.7m).

KEVIN DONE AT THE GENEVA MOTOR SHOW

Ford studies market for car smaller than Fiesta

FORD OF Europe is at an advanced stage in a marketing study into a new small-car segment in the European market, below the supermini segment where it currently sells the Fiesta, its smallest product.

Encouraged by developments in eastern Europe, Ford believes an important new market could develop in Europe below the supermini segment, where principal rivals are Fiat's Uno, the Renault R5, the Peugeot 205, VW's Polo and Opel's Corsa/Vauxhall Nova.

Mr Lindsey Halstead, chairman of Ford of Europe said: "The requirements of southern Europe and the potential of eastern Europe are beginning to call for a car smaller than Fiesta size."

He said Ford was planning to invest more than $10bn in its European operations in the five years from 1990 to 1994, an increase of about 40 per cent on the $7bn spent in the last five years.

Ford expects the development in the next 10 years of a "closely contested market segment for a smaller, more compact, vehicle and technically less sophisticated."

The development of this new segment could be encouraged, Ford said, by advances in engine technology and the development of a new two-stroke direct injection petrol engine in conjunction with Orbital Engine of Australia.

Such engines could reduce emission levels and improve fuel economy, offering more power for a given engine size. A 1.2-litre engine could produce what is currently available only from a 1.6-litre engine, Mr Halstead said.

Ford is expected to enter the new small-car segment in the mid-1990s.

Yesterday it unveiled at the Geneva motor show two small modular concept cars, which it said were part of its investigation of a completely new range of small cars for the 21st century.

The flexibility of the design could permit the range to include hatch-backs, saloons, sports cars, pick-up trucks and light delivery vehicles. Provision was being made for the adoption of electric and other alternative power sources.

SGS to raise payout after strong year

By William Dullforce in Geneva

SOCIETE GENERALE de Surveillance (SGS), the world's leading inspection services group, posted a 24.6 per cent advance to SFr155.3m ($104m) in 1989 net profit. Consolidated revenues rose 15.8 per cent to SFr1.95bn.

Net earnings per share improved from SFr276 in 1988 to SFr343 last year. The board proposes to raise the shareholders' dividend by SFr25 to SFr130.

SGS went through a boardroom and management shake-up last summer when the latest generation of the founding families resumed control. Mrs Elisabeth Salina Amorini, the 34-year-old granddaughter of one of the founders, became chairwoman and Mr Claude Goldberg, a long-serving insider, took over as managing director from Mr Patrick Rich.

Mrs Salina Amorini promised a policy of growth, including big acquisitions within SGS's traditional fields of customs inspection, quality controls and insurance services.

SGS held a SFr1bn cash kitty at the time but so far no big deals have been announced.

Wärtsilä plunges into the red

By Enrique Tessieri in Helsinki

WARTSILA, the Finnish diesel, securities and sanitary equipment group which will be merged into Lohja, a building and electronics group, said losses after appropriations and taxes reached FM462m ($115.8m) in 1989, against a profit of FM13.5m in 1988.

The result, however, is heavily distorted by the financial after-effects of October's bankruptcy of Wärtsilä Marine, one of Europe's largest shipbuilders. Write-offs and provisions totalled FM854m.

Wärtsilä said that after release of parent company reserves it would show a consolidated profit of FM241m. The corresponding profit figure under international accounting standards is FM464m.

Profit after net financial items advanced to FM453m from a loss of FM432.8m in 1988. Group turnover plunged to FM4.1bn in 1989 from FM5.96bn.

A new financing package was put together last November for the former shipbuilding subsidiary, which pushed Wärtsilä's maximum liability in the now-defunct division to FM705m.

But Wärtsilä said its FM400m provision was considered adequate.

Europe launch for Toyota Lexus

TOYOTA, the leading Japanese car maker, began its assault on the west European luxury car market with the launch in Switzerland yesterday of its Lexus luxury saloon car, the most expensive Japanese car to be marketed in Europe.

The Lexus flagship, the LS400, will be introduced successively in most European markets in coming months, including the UK in late May or early June. Toyota is planning to sell about 2,500 Lexus cars in Europe in 1991, its first full year in the market.

The UK is expected to be the largest single market for the V8, four-litre, 32-valve saloon, which is expected to be priced in the UK at about £35,000 ($57,400). UK sales are expected to total between 800 and 1,000 vehicles this year, rising to between 1,000 and 1,200 in 1991.

The car will be sold as a competitor to the Jaguar Sovereign, the BMW 735i and the Mercedes-Benz 420SE. It will carry a higher price than in the US, where it was launched last September with a base price of $35,000.

The US is Toyota's main target market for the Lexus range. The company is aiming to sell 60,000 cars there this year under the Lexus marque, including close to 40,000 of the flagship LS400 model. The same car was launched in November in Japan.

Unlike in the US, where Toyota has established an entirely separate Lexus luxury car franchise with its own dealer network, Toyota plans to use a selected group of existing Toyota dealers in west Europe. It will only sell the Lexus flagship LS400 model in Europe.

In the UK Toyota (GB), the Japanese group's British importer, is planning to have a network of 41 Toyota dealers handling the Lexus range at the time of its launch. This will rise to about 50 within a year.

Nissan said yesterday it had no plans at present to launch in Europe its Infiniti Q45 luxury saloon, the rival to Toyota's Lexus LS400. Nissan introduced this model in the US and Japan late last year, as part of the Japanese offensive on the world luxury car market.

DFDS bolsters profits

By Hilary Barnes in Copenhagen

DFDS, the Danish shipping and land transport group, increased pre-tax profits to DKr203.2m ($31.3m) from DKr217.9m and proposed an unchanged 6 per cent dividend.

Operating profits slipped to DKr161.8m from DKr190.2m, a result of costs associated with refurbishing of passenger vessels and higher fuel prices. However, there was an extraordinary income of DKr131.4m from ship sales.

After an increase to DKr104m from DKr35.7m in taxes, the net profit advanced to DKr189.2m from DKr182.2m.

Sales by the group, which is a leading operator of freight and passenger vessels on North Sea routes to Scandinavia, increased to DKr4.49bn from DKr4.06bn.

The board said the 1990 budget showed a small increase in operating profits, but the effective revaluation of the Danish krone in recent weeks had reduced the likelihood of achieving this increase.

● Aarhus Oliefabrik, the edible oils refiner and supplier of special fats for the chocolate industry, reported a decline in pre-tax profits to DKr67m from DKr147m on sales up at DKr2.22bn from DKr1.61bn.

An unchanged 12 per cent dividend was proposed.

Generali buys US insurer

ASSICURAZIONI Generali, Italy's largest insurer, is buying 95 per cent control of Business Mens' Assurance of America, BMA Corp's insurance unit, for $285m, Reuter reports.

BMA said last October it had retained the investment banking firm Alex, Brown to assist in evaluating alternatives for the insurer, including its sale.

Generali did not give additional financial details in a statement issued yesterday.

The Italian company said the agreement was reached yesterday and the operation must be approved by two-thirds of the US company's shareholders.

Generali aims to complete the acquisition by July.

Fermenta surges 128% to SKr251m

By Robert Taylor

FERMENTA, the Swedish antibiotics, chemicals and finance group, announced yesterday a 128 per cent growth in profits (after financial items) for 1989, to SKr251m ($40.8m) from SKr110m. The board proposed a dividend of SKr0.10 per share.

The main cause for the advance was an improved performance in Fermenta's chemicals and pharmaceuticals operation, which enjoyed an 84 per cent increase in post-tax profits to SKr223m from SKr121m.

The group also revealed that Independent, its financial company, increased profits to SKr211m from SKr202m. Last November Fermenta announced its intention to expand its financial services by merging Independent with Infina, another Swedish finance company, for SKr1.8bn.

The company appears to have made a solid recovery after its period at the centre of scandal under Mr Refaat El-Sayed, the group's chief executive until December 1986. It returned to profit in 1988 after losses of SKr78m in 1987 and SKr545m in 1986.

INTERNATIONAL COMPANIES AND FINANCE

Canada banks 'to enter insurance'

By Bernard Simon in Toronto

CANADA'S big six banks are poised for a concerted thrust into the insurance business and stand to gain a sizeable share in life and selected health insurance products within the next five years, a study by two Toronto financial service consultancies predicts.

The unpublished study, compiled by Madden Fast & Associates and Arthur Andersen & Co, coincides with moves by banks and insurance companies to enter new territory as the distinction between the traditional "four pillars" of the Canadian financial services industry becomes more blurred.

The study notes that as international and institutional markets grow more competitive and less profitable for the banks, they are shifting their emphasis towards personal financial services and trying to squeeze the highest possible returns from their extensive retail networks.

"A principal way to enhance profitability is to push additional products through the system and most banks believe that insurance products have excellent potential in this regard," the study says.

CANADIAN BANKS AND LIFE INSURANCE COMPANIES (1988)

	Banks	Life companies
Total Canadian assets	C$340bn	C$101bn
Total Canadian employees	168,000	65,000
Distribution network	7,100 branches	21,800 agents

Source: Madden, Fast & Associates, Toronto

Canada's banks are the dominant force in the domestic financial services industry. They account for almost a third of the assets of 10 leading financial service industries, compared with less than 10 per cent for the country's 170 life insurance companies. In the past three decades, the banks have become leading players in residential mortgages, consumer finance and recently, the securities industry.

Madden Fast predicts the banks will enter the insurance field gradually, building up their expertise and in time, forming alliances with insurance companies in the form of acquisitions, joint ventures or less formal links.

However, it doubts that in the forseeable future they will consider buying one of the larger insurance companies.

Although Ottawa has yet to finalise regulatory reforms on the functions and ownership of financial institutions, several banks are already dipping their toes into insurance. Toronto Dominion has an arrangement to refer applications for homeowner's insurance to Simcoe & Erie, a general insurer.

In Quebec, trust companies and credit unions are allowed to sell insurance policies through licensed agents. The banks have provided creditor life insurance for many years.

On the other side of the coin, a total of 18 life assurers now have stakes in trust companies, which can carry out almost all the activities of a bank. Manufacturers Life, one of Canada's two biggest life assurers, earlier this week broadened its base with the purchase of two small Ontario trusts.

The life companies have also become more active in merchant banking and mutual funds. Sun Life Assurance recently bought a 30 per cent interest in one of the country's leading residential real estate brokerages.

Forecasts of the likely growth of the Canadian insurance market vary. Many experts see it as mature and saturated, with Canadians having the highest per capita investment after the Japanese in life assurance relative to income. However, Madden Fast concludes: "There is substantial room for domestic growth."

Of 2,000 people interviewed, 39 per cent did not own any life insurance, and more than half had not been approached by a broker for more than 18 months.

The study predicts that banks' drive into insurance will lead to intensified price competition, greater emphasis on advertising and market research, higher commissions for career agents and more aggressive selling practices.

Among the banks' advantages are their consumer penetration, their vast networks of branches and automated teller machines, and a more trustworthy image than the insurance industry.

Royal Bank first quarter net earnings unchanged

By Bernard Simon in Toronto

A 6 per cent drop in net interest income and a 15 per cent jump in operating expenses almost entirely offset higher fee income and lower loan loss provisions to leave Royal Bank of Canada's net earnings almost unchanged in the first quarter of fiscal 1990.

RBC, Canada's biggest bank and the last of the big six to report first-quarter earnings, lifted net income slightly to C$274m (US$230m) in the three months to January 31, from C$269.9m a year earlier.

Fully diluted per share earnings fell to 86 cents from 89 cents because of a 4 per cent increase in shares outstanding. A plunge in interest receipts from Third World borrowers and a 30 per cent jump in interest expenses pushed net interest income down to C$880.3m from C$939m.

International interest income more than halved to C$101m. With only Mexico of the large LDC borrowers paying interest, the bank collected C$28m in LDC interest in the latest quarter, against C$169m a year earlier. Fees and other income grew by 19 per cent to C$433.9m, thanks to a larger contribution from RBC Dominion Securities, the bank's securities subsidiary, and greater use of deposit accounts, credit cards and investment management services.

The bottom line was also helped by an 11 per cent drop in income tax provisions. Higher consumer and business lending lifted the bank's assets to C$118.3bn on January 31, from C$109.8bn a year earlier.

First-quarter loan loss provisions were cut to C$80m from C$155m, while the level of non-accrual loans has fallen to C$676m from C$792m.

Matra plans takeover of Intecom

By William Dawkins in Paris

MATRA, the French defence, telecommunications and transport group, plans to take over Intecom, a $100m annual turnover US producer of voice and data telecommunications systems.

Matra Communication, a subsidiary of the French group, expects to reach a final agreement by April on the takeover of Intecom, an offshoot Wang Laboratories electronics group. The price will not be disclosed until an audit on Intecom is completed.

Intecom makes 75 per cent of its turnover in the sale, servicing and maintenance of private communications networks between companies.

Kidder, Peabody blames $23m loss on transition expenses

By Janet Bush in New York

KIDDER, Peabody, the securities subsidiary of General Electric, reported a loss of about $23m last year, compared with a profit of $46m in 1988 and became the latest brokerage house to provide evidence of the depression on Wall Street.

Kidder disclosed its results after the publication of General Electric's annual report. Its operating loss was $58m last year, including some General Electric accounting adjustments such as acquisition expenses.

GE bought an 80 per cent stake in Kidder for more than $700m in 1986 and has been increasingly concerned about the performance of its subsidiary.

Relations between the parent company have been strained ever since Mr Richard Wigton, a Kidder arbitrageur was led away in handcuffs on insider trading charges, later dropped.

General Electric has also seen many of Kidder's top producers leave over the past year.

Commenting on the 1989 results, Mr Michael Carpenter, Kidder's chief executive, said the loss reflected significant transition expenses related to the cut of 10 per cent of its staff last year in an effort to streamline operations.

Mr Carpenter said: "During the course of the year, we made some very substantial investments both in upgrading and adding in certain areas and also in scaling down areas."

There are few securities houses whose 1989 results have not been depressed either because of difficult business conditions or long-delayed scaling down and restructuring programmes in response to the rapid expansion of the 1980s.

PacifiCorp utility deal rejected

By Roderick Oram in New York

PINNACLE West Capital, the deeply distressed Arizona power utility, rejected as inadequate a sharply improved takeover offer worth about $1.65bn from PacifiCorp, a leading western US utility.

PacifiCorp, which serves parts of seven western states, offered to swap 0.88 of its common shares for each Pinnacle West share. PacifiCorp's shares fell $⅝ to $21½ yesterday morning and Pinnacle West's rose $1⅝ to $13⅜.

PacifiCorp said all elements of the bid were negotiable, including making an offer for only Pinnacle West's Arizona Public Service utility subsidiary.

Pinnacle West said the latest offer, adjusted for PacifiCorp's various conditions, was worth less than its book value of $16 a share. Without the conditions, which analysts believe may not apply, the offer is worth nearly $19 a share at yesterday's share price.

Arizona Public Service turned in an operating profit for 1989 of $180m, down 24 per cent from $238m a year earlier. Regulators have refused to include several of its plants in its asset base on which electricity rates are calculated.

Pinnacle West reported a loss of $551.4m, or $6.36 a share, against net profit of $4.2m, or 5 cents, a year earlier. Revenues rose 3 per cent to $1.51bn from $1.46bn.

GM to combine US engine divisions

By Anatole Kaletsky in New York

GENERAL Motors is to combine its two US engine design and manufacturing divisions into a single operation. The move was described by the company as a "continuing evolution" of the wide-ranging corporate reorganisation begun in 1984.

It was expected to achieve economies of scale in the engine operations which employ a total of 27,000 people in 19 manufacturing and design facilities in North America.

The combined GM engine business would be the largest such operation in the world, producing almost 20 distinct families of automotive engines.

The consolidation was seen by analysts as a further step towards the total integration of the once-distinct car divisions whose fierce independence had been the hallmark of the GM corporate structure.

This process has been going on since 1984, when GM merged its five separate car divisions into two broad groupings: Chevrolet-Pontiac-Canada (CPC), which concentrated on smaller vehicles targeted at younger consumers, and Buick-Oldsmobile-Cadillac (BOC), which focused on the more traditional luxury end of the market. After the 1984 restructuring, CPC and BOC each had their own engine operations and these formed the core of the engineering side of their businesses.

Analysts said the combination of the two engine groups was bound to reduce the technical autonomy enjoyed by CPC and BOC, leading to a narrower alignment of GM's product offerings in the US market.

However, because engine designs are not visible to the technically unsophisticated consumers, GM could continue offering a wide range of apparently differentiated models through its five different US marques.

Apart from possible cost savings, the greatest advantage of the restructuring would be to allow GM to concentrate even more resources in the development of more advanced engines, which might allow the company to turn technical sophistication into a selling point for its cars.

At present GM, along with other US manufacturers, is seen as lagging behind the Japanese in particular in its ability to incorporate technical advances rapidly into its engine designs.

INTERNATIONAL COMPANIES AND FINANCE

Pennant share of coal mine on market

By Chris Sherwell in Sydney

PENNANT HOLDINGS, the Perth-based entrepreneurial group headed by Mr Brian Johnson, has put its half-share of one of Australia's export coal mines on the market as part of a restructuring.

The planned sale of 50 per cent of the South Blackwater mine in Queensland, revealed yesterday, follows last week's announcement that it is selling its controlling stake in John Holland Holdings, the construction group.

Both moves and its separate confirmation yesterday of the disposal of its significant stake in the resources and engineering group Minproc, are a result of the cash squeeze which is affecting the whole of Australia's corporate sector.

In the UK, Pennant is known to have lost money in Country and New Town Properties, a property company it became involved with in 1987 and is extricating itself from this, too.

The introduction of new partners into South Blackwater will relieve it of some of the A$75m (US$56.57m) costs of developing a new underground mine designed to double annual production to 4m tonnes.

Rothschild Australia, which is handling the sale, said it was looking for one or two international partners "who would ideally be long-term consumers" and was expecting a price which would value the mine at around A$175m.

Computers back on mainframe

Alan Cane, Louise Kehoe and Roderick Oram on a US about-turn

Demand for powerful mainframe computers is still growing strongly in the US, according to leading computer manufacturers, challenging the conventional view that the large systems market has slowed to the point of stagnation.

International Business Machines (IBM), the world's largest computer manufacturer, and competitors selling IBM-compatible equipment, say they are seeing growth of more than 10 per cent a year for their largest systems. This contrasts sharply with industry analyses which conclude that mainframe revenue growth has slipped to 5 per cent a year or less.

Sluggishness in the US mainframe market over the past five years, leading to intense price competition, has been held at least partly to blame for declining profits from all the leading computer makers.

IBM, for example, showed a decline in pre-tax profits of 26 per cent from $9bn to $6.65bn on revenues only 5 per cent up at $62.7bn. Until this year, IBM has derived the greater part of its revenues and profits from mainframes. Personal computers and workstations are becoming the group's largest revenue earner, although mainframes – where gross margins are between 40 and 60 per cent – are still the largest source of profits.

Its annual report shows that revenues from processors of all sizes, the hardware at the heart of data processing systems, rose only 6 per cent, from $15.1bn to $16.1bn. Unisys, the second largest mainframe manufacturer, had a poor 1989, losing $640m on revenues of $10.1bn through a combination of factors, while NCR showed a 6 per cent decline in net earnings to $412m on revenues of $5.96.

Consultants have argued that growth remaining in the market is coming chiefly from personal computers and workstations, as computer users take advantage of the economies inherent in small, powerful computers, a phenomenon known as "downsizing."

Mr Bill Rosser of the Gartner Group, a leading US-based technical consultancy, for example, estimates that IBM's 1989 mainframe sales were up by less than 5 per cent.

But while overall the US computer market is virtually flat and there is no sign of an early upturn, IBM and others are reporting strong growth in the most powerful varieties of each category of hardware – top-end mainframes and "super" minicomputers, together with powerful workstations which can, in many instances, replace conventional minicomputers.

Mr Carl J. Conti, head of IBM's mainframe division, said that dollar growth in high-end processor sales was 15 per cent both in the US and worldwide. "That number is calculated in constant currency so it is not the number the IBM company ends up reporting because there were currency shifts," he said.

"A second correction is necessary because of accounting rules for operational leases [many customers lease rather than buy IBM mainframes].

"Take out currency and leasing adjustments and the growth rate is still about 12 per cent. It is still above the long-term average growth of between 10 and 11 per cent between 1968 and 1989.

Jack Kuehler: Mainframe profit 'right on plan set for it'

"I get tired of hearing that sluggish mainframe growth is dragging IBM down. It simply is not true."

Mr Jack Kuehler, IBM president, agreed. "We grew in double digits in personal computers, in mainframes and the mid-range AS/400 computers," he said. He rejected the suggestion that IBM was achieving sales by deep discounting at its competitors' expense. "Some people report that IBM is making enormous discounts and that perhaps that has something to do with the profitability of their company.

"The facts are, our gross profit on mainframes was higher than the year before and right on the plan that we had set for it," he said.

IBM's claim is broadly supported by Amdahl and Hitachi Data Systems, the leading plug-compatible manufacturers. Plug-compatible manufacturers build computers which are functionally identical to IBM machines and are able to use the same software.

Hitachi Data Systems (formerly National Advanced Systems, the mainframe arm of National Semiconductor) said its own calculations put average market growth in mainframes at between 8 and 9 per cent with with IBM and Amdahl running somewhere above the average.

Mr H.L. Caswell, president of Unisys' computer systems group said recently: "Contrary to the views of a few industry commentators, Unisys is convinced that the demand for powerful mainframe systems will accelerate over the next decade. The mainframe market overall will grow at an annual compound growth rate of 15 per cent."

An explanation for the flatness of the US market is that it is becoming increasingly polarised towards top machines and workstations. Weak demand for conventional minicomputers, mid-range machines and small mainframes are offsetting strong growth in mainframes and workstations.

Demand for new processing power from large users, such as banks and airlines, for example, has been growing at up to 40 per cent a year. Increasing use of personal computers and workstations, moreover, has the effect of promoting mainframe sales as companies establish enterprise-wide networks with mainframes as network controllers and information servers.

Coates Brothers sales rise 29%

By Jim Jones in Johannesburg

COATES BROTHERS, the South African affiliate of the Coates printing inks company of the UK, lifted sales by 29 per cent in 1989 but suffered lower margins as competition for sales to the packaging industry intensified.

Turnover rose to R122m ($47.19m) in the past year from R94m a year, while the operating profit before interest and tax was lifted to R12.1m from R10.0m and the pre-tax profit increased to R11.2m from R10.0m. Earnings were 170.9 cents a share against 147.9 cents and the year's dividend is 49 cents against 42 cents.

Perrier on the shelves again

By George Graham in Paris

PERRIER is back, after three weeks of enforced absence from supermarket shelves and restaurant tables after the discovery of benzene contamination in the French mineral water.

The club-shaped green bottles will be back on retailers' shelves in France from this morning, bearing a new label to show the difference, and should be available in all major markets by the end of April.

After the French market, Belgium, Luxembourg and Switzerland will receive supplies later this week. West Germany, Spain, Greece, The Netherlands and Italy will follow in the third week of March, with the UK, Scandinavia, Canada and the east coast of the US stocking up from the first week of April. Californian enthusiasts will have to stay cool until the third week of April.

The bottles will bear a special label in France marked "Nouvelle Production." Perrier pinned down the source of the contamination in the filters for the gas which goes into the water to make it fizzy and says that it has redoubled its controls at this and other stages of the production. The Perrier spring itself, at Vergèze in southern France, has been found blameless by the Institute of Hydrology of the University of Clermont-Ferrand.

Perrier said it did not have a figure for the overall cost of the contamination, which caused it to withdraw its entire world stocks of 160m bottles from the market, but said opinion polls showed that more than three-quarters of its customers would start drinking Perrier again as soon as it was available.

Perrier said French consumers seemed to be the most loyal to the brand. A telephone poll had shown that 78 per cent of mineral water drinkers had found the company's attitude to the benzene contamination "exemplary," and 88 per cent would be buying the new Perrier.

In the UK, a survey carried out by Milward Brown, Perrier's research organisation, showed that 81 per cent of Perrier drinkers planned to buy it again. In the US, this figure rose to 84 per cent, while 47 per cent of those who did not drink Perrier before thought that they might do so now.

Net profits at Magnum drop 36%

By Terry Hall in Wellington

MAGNUM CORPORATION, the liquor and food group, yesterday reported a 36 per cent fall in net profits from NZ$48.95m (US$28.64m) to NZ$31.32m, although directors emphasised that the two periods were not comparable.

This was because of the inclusion of non-recurring income of NZ£26.5m in the previous half from investment of surplus cash. In June this was paid to shareholders in the form of a special dividend of NZ$338m, or NZ$1.25 a share.

The latest period saw pre-tax profit rise 25 per cent to NZ$48.8m compared with NZ$39m, while sales also rose 25 per cent to NZ$745m.

Directors said they were confident of achieving the forecast NZ$70m profit for the full year, in spite of depressed trading conditions. While the first half represented some 70 per cent of the full-year forecast they pointed out that Magnum's earnings were traditionally biased towards the first half because of Christmas spending.

The purchase of Wilson Neil Wines and Spirits, the New Zealand liquor chain, and expansion of liquor interests in Australia and grocery operations in the North Island, saw short-term borrowings rise from NZ$23.9m to NZ$74m. Net tangible asset backing was NZ$2.24 (NZ$2.25). An interim 5 cents-a-share dividend is proposed.

Aoki/Westin in Swissair hotels deal

By William Dullforce in Geneva

SWISSAIR announced yesterday that it was selling its interests in the 17 hotels and management company of Swissôtel to Japan's Aoki/Westin group for an undisclosed sum.

The agreed price offered an attractive return on Swissair Associated Companies' investment in the hotel sector, Mr Rolf Krähenbühl, SAC chief executive, said. Swissôtel reported a turnover of SFr260m ($173m) in 1988.

Nestlé, the big Swiss foods group, announced last July that it was withdrawing from its 49 per cent participation in Swissôtel, the hotel management company it set up in 1980 in partnership with Swissair. At the time Swissair said it was looking for a new partner.

Under a letter of intent signed in Zurich between Mr Krähenbühl and Mr Hiroyoshi Aoki, chairman of Aoki Corporation and Westin Hotels and Resorts, the Japanese group will acquire Swissair's interests, including the former Nestlé holdings, in 12 hotels.

They include the Drake in New York, the Lafayette in Boston, three Swiss Grand hotels in Chicago, Atlanta and Seoul, the Bosphorus Swissôtel in Istanbul, two hotels in The Netherlands and four in Switzerland. Swissôtel also manages five other hotels, including the Swiss Grand Hotel in Peking.

Westin, owned by the Tokyo-based Aoki group, a large international construction company, operates 67 hotels in 11 countries, mainly in North and Central America and in the Far East. Aoki operates a separate nine-hotel chain under the name Caesar Park.

INTERNATIONAL CAPITAL MARKETS

Costa Rica aims at fair shares for everybody

TIM COONE on how Costa Rica's capital market may become a genuine arena for long term investment

A country with a stock market having a turnover of US$2.5bn in one year, or almost $1,000 per head of population, could reasonably claim to have built a respectable-sized capital market.

Costa Rica claims just that. One could be excused for never having heard of it though. For Costa Rica's own Government is the principal buyer and seller on the market.

Frequently dubbed the "Switzerland of Central America," for its comparatively high standard of living and stable political system, this small country of 2.7m people has had an active stock market (bolsa) since 1977.

It began operations as a means of financing a series of government-run investment projects and has since expanded rapidly, primarily as a source of finance for the Government's burgeoning fiscal deficit. Trading of common stock is still in its infancy with only $3m-worth of ordinary shares changing hands last year.

The bolsa's directors however hope that this year it will gradually mature into the genuine market for long-term investment capital which Costa Rica still sorely lacks.

Ms Maria Lourdes Sanchez, a bolsa official charged with promoting the market's activities, said: "The next step must be the development of a broader market for shares."

She explained that many businesses and industries in Costa Rica are still family-run. Their owners are reluctant to surrender control to unknown shareholders and to open their accounts to public scrutiny. Only 70 companies are presently active on the exchange, but the number is growing steadily.

Dr Carlos Hernandez, the central bank executive director said: "The present system of tax and commercial code does not encourage share issues. For fiscal reasons companies prefer to finance themselves with debt. The banks assume all the risk."

He said debt-to-equity ratios are now limited to three-to-one by the banks to force greater equity participation by companies in their investments and expansion.

Nonetheless, the principal activity of the 70 private companies quoted on the stock exchange continues to be the issue of short-term bonds and certificates of deposit to raise working capital, rather than investment capital.

Last year 53 per cent of the market's Colones 208bn turnover ($2.5bn) was of securities of less than 30 days' maturity, and 80 per cent of the market turnover had maturities less than 90 days.

The Government has meanwhile been the leading market player, sucking in cash from the banks in preference to seeking other forms of finance such as raising taxes. The Finance Ministry issues high-yielding bonds and certificates while the central bank issues its own bonds to mop up market liquidity.

Other ministries and state enterprises are the principal buyers of the government securities. Government bonds, presently offering interest rates in excess of 21 per cent (the inflation rate was 10 per cent last year) set the floor to Costa Rica's capital market and make credit expensive to the private sector.

A new Government takes office in May this year. The president-elect Mr Rafael Calderon has the backing of powerful private sector interests and can be expected to support the bolsa and legislative initiatives to promote common stock issues.

Legislative proposals to do this have been circulating for more than five years but according to Dr Hernandez: "They have until now remained low on the Assembly's list of priorities."

Mr Calderon's party has just won control of the legislative assembly, which in principal should smooth the way for creating the legal framework for a more efficient stock market.

SG Warburg in Italian deal

By David Lascelles, Banking Editor

S.G. Warburg Securities, the securities arm of the Warburg group, is to combine its research and distribution of Italian equities with Studio Giubergia, the Milan-based stockbroking house. The firms said their move will help develop international investor interest in Italian securities.

US credit ratings group expands in Australia

By Chris Sherwell in Sydney

AUSTRALIAN Ratings, the credit rating agency for borrowers in antipodean markets, is being acquired by Standard & Poor's of the US, part of the McGraw-Hill group, for an unspecified sum.

An announcement said the acquisition, to be finalised by next week, was part of S&P's plan to serve significant cross-border capital markets and emerging domestic markets. It already has a presence outside the US in London, Tokyo, Paris and Stockholm.

According to S&P, Australia is one of the world's fastest growing local capital markets and its fourth most important source of ratings business after Canada, Japan and the UK.

Australian Ratings' executives, who until now have owned the business, said the move was a "natural evolution" but had been made with "a measure of personal reluctance."

They insisted the business would remain broadly unchanged but would draw on S&P's human and technical resources. Ratings of corporate and government entities would be maintained, but there would be minor changes to a small number of bank ratings.

Within the expanded S&P, the business will become part of the US group's international department and Dr William Chambers, a senior vice president of S&P, will move to Melbourne to work with Australian Ratings.

S&P said Australian Ratings would continue to rate borrowers active in the Australian and New Zealand domestic markets, while it would remain focused on borrowers issuing debt in international centres.

Like its counterparts, Australian Ratings has enjoyed criticism as well as praise for bringing detailed financial information to the attention of investors. Most criticism has come from Australia's "entrepreneurial" companies, on which it has done some of its most influential work.

Norway awards traded options concessions

By Karen Fossli in Oslo

THE Norwegian Ministry of Finance has awarded concessions for the establishment of two clearing houses for the traded options market to Det norske Veritas (DnV), the ship classification society and investment company, and Norsk Options Market (NOM), an offshoot of Sweden's Option's Market (OM).

It has taken nearly three years for Norway to establish a system for options trading and the two companies vying for the clearing function have been embroiled in a bitter battle to win an independent role in this area.

To prevent a monopoly, Norwegian authorities opted for a cross-clearing operation between DnV's new business entity, which is to be called Norsk Clearing Central (NCC), and NOM.

However, in an ironic twist, DnV has declared publicly its intention not to activate its new concession, leaving NOM with a monopoly options' clearing function by default.

"We don't believe there should be competition at the clearing function level for it would create uncertainties and a lack of understanding about the risk exposure in the market", DnV said.

Ministry officials are currently in the final throes of establishing the rules for daily routines such as trading times, limits, ranking system and spreads under which options trading will operate.

Mr Dag Holler, an executive with NOM, said once the ministry has finalised these routines, NOM could commence operations within a week. The ministry expects to complete the rules for operating routines this month.

Citicorp sets up $80m Malaysia market fund

CITICORP has established an $88m fund to invest in Malaysia's stock market, Reuter reports. The fund will be managed day-to-day by Dutch merchant bankers Pierson, Heldring & Pierson, although Citicorp will retain overall control.

The fund, Malaysia Capital Fund, will shortly seek listing on the London and Amsterdam stock exchanges. It was initially targeted at $100m. Citicorp said some Japanese institutions, due to invest a total of $12m, pulled out following the recent uncertainties on the Tokyo stock market.

Malaysia Capital will invest mainly in companies on the Kuala Lumpur Stock Exchange but some 20 per cent of the fund's assets would be targeted at unlisted securities.

Estimates by bankers put foreign institutional funds in the Kuala Lumpur stock exchange in excess of $500m.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on March 6.

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 8⅞ 96	750	96	96¼	−0½	−1⅛	9.41
Alberta 9⅞ 95	600	100	100½	−0⅛	−0¼	9.29
Austria 9⅝ 93	140	101	101⅜	−0¼	−0¼	9.08
B.F.C.E. 8⅜ 94	175	96⅞	97	−0⅛	−0¼	9.24
B.F.C.E. 9¼ 95	150	99⅞	100¼	−0¼	−0½	9.29
Brit. Tel. Fin. 9⅜ 98	250	†99⅛	99⅝	−0⅛	−0⅝	9.45
Canada 9 96	1000	99⅝	100⅛	−0⅛	−0¼	9.00
C.C.C.E 9¼ 95	300	99⅝	100⅛	0	−0⅛	9.25
Cr.Local France 8⅞ 99	250	95¾	96½	−0⅛	−0⅝	9.47
Credit National 7⅜ 92	100	96⅝	97⅜	0	−0⅛	8.96
Credit National 9¼ 92	160	†100⅝	101½	+0¼	−0⅛	9.06
Denmark 8¾ 94	150	†95⅝	96⅛	−0¼	−0½	9.40
E.E.C. 7 91	100	96⅝	97⅜	−0⅛	0	8.89
E.E.C. 10 93	140	†102	102⅝	−0¼	−0⅜	9.16
E.I.B. 8½ 99	150	94¼	94¾	−0⅛	−0⅜	9.35
Eurofima 10⅛ 93	100	†102	102⅝	−0¼	−0⅝	9.28
Elec. De France 9½ 99	200	†100⅛	100⅝	−0⅞	−1⅛	9.48
Euro.Credit Card Tst. 9 95	750	97⅛	98⅛	−0¼	−0⅛	9.55
Finland 9 96	250	98⅞	99⅛	0	−0⅝	9.26
Finn.Exp.Cd. 8½ 92	200	98½	99¼	0	−0⅛	9.13
Finn. Exp. Cd. 9⅞ 95	200	†99⅝	100⅛	−0⅜	−0½	9.38
Ford Motor Credit 8 91	250	†98¾	99¼	0	0	9.02
Gen.Elec.Cap.Crp.10 1/2 91	300	101⅛	101⅝	−0⅛	−0¼	9.03
G.M.A.C. 8¾ 94	500	†96¼	96¾	−0¼	−0⅝	9.68
G.M.A.C. 9 96	300	96⅞	97⅝	−0½	−0⅝	9.58
Gen.Mtrs.Corp. 9⅛ 92	200	†99¼	99¾	−0¼	−0⅝	9.32
Honda 9⅝ 97	300	99	99½	−0¼	−0¼	9.77
IBM Credit Corp. 8⅝ 92	400	98⅞	99½	0	−0¼	8.97
IBM Credit Corp. 8⅞ 91	250	†99¼	100¼	+0¼	+0⅛	8.99
IBM Credit Corp. 9 92	250	99½	100⅛	−0⅛	−0¼	9.02
IBM Credit Corp. 9½ 92	250	100½	101¼	0	−0¼	8.99
Italy 8½ 94	1500	97	97⅝	0	−0⅝	9.20
Italy 9½ 95	1000	100⅝	101⅜	0	−0⅝	9.25
Italy 9⅝ 99	1000	100⅜	101¼	−0⅛	−1	9.45
Itoh C. W/W 4⅝ 94	1000	†100½	102	−1	−1½	4.29
Japan Dev. Bank 10 96	200	102½	103⅛	−0⅛	−0⅝	9.35
KFW Intl. Fin. 9 94	300	98½	99⅛	−0⅛	−0⅝	9.29
L.T.C.B.of Japan 8¾ 96	200	95¾	96½	−0¼	−0⅝	9.56
L.T.C.B.of Japan 9¼ 92	200	†99¼	100¼	+0⅛	−0¼	9.32
New Zealand 9 94	850	98⅛	98⅝	0	−0½	9.40
Nippon Tel.&Tel. 8½ 96	200	95¼	95¾	−0¼	−0⅜	9.39
Nippon Tel.&Tel. 9⅜ 98	250	99¼	99¾	−0½	−0⅞	9.45
Norway 8⅜ 93	500	†99	100	+0⅛	−0¼	8.95
Oesters Kontbk. 9¼ 94	350	†99¾	100¼	−0¼	−0⅞	9.46
Sumitomo Corp. W/W 4 93	1500	106¼	107¼	−0½	−1½	1.73
Sweden 8¾ 96	200	97⅝	98⅛	−0¼	−0⅞	9.22
Toyota Mtr.Corp. W/W 4 93	1500	†100½	102	−0½	+1½	3.58
Victorian Rep 11⅝ 92	150	103⅞	104⅛	−0⅛	−0¼	9.38
Union Bk. Switz. 9⅛ 02	225	96¼	97½	−0⅜	−0⅜	9.54
World Bank 8⅜ 99	1500	95⅛	95⅞	−0½	−1⅛	8.89
World Bank 9 97	300	†98	98½	−0⅞	−1⅛	9.32
World Bank 9 93	300	100	100½	−0⅛	−0¼	8.88
World Bank 9¼ 98	300	99⅛	99½	−0⅜	−0⅞	9.34
World Bank 9⅝ 99	500	101¼	101⅜	−0⅜	−1	9.36
World Bank 9¾ 96	300	†101⅜	102	−0⅜	−1	9.32

Average price change... On day −0¼ on week −0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev.-BK. 6 94	200	87⅛	87⅞	+0¼	+0⅝	9.95
Austria 6¾ 99	750	†85	85¼	0	−0¼	9.23
Bk.Frgn.Econ.USSR 7 96	750	*†85½	85½	0	0	10.33
Bank of Tokyo 5¾ 93	100	90⅞	91⅜	+0⅛	+0⅜	9.29
Commerzbank o/s. 5¾ 93	300	90⅞	91¼	+0¼	+0⅝	9.10
Credit Foncier 6¾ 99	500	†83¾	84¼	−0¼	−0⅞	10.57
E.I.B. 6¼ 99	600	82⅛	82⅝	−0⅛	−0⅜	9.23
E.I.B. 6½ 99	300	†83½	84	−0⅛	−0⅛	9.23
E.I.B. 6⅝ 96	600	88¾	89¼	0	−0⅛	9.04
E.I.B. 6¾ 95	300	89½	90	0	+0¼	9.25
E.I.B. 8 2000	500	94⅝	94⅞	−0⅛	−0¼	8.83
Euro.Coal& Steel 7¾ 94	100	†96½	97	−0⅜	−1¼	8.59
Eurofima 6¼ 96	100	86	86½	+1	+0⅛	9.21
Elec De France 5¾ 97	300	80¾	81¼	+0¼	−0⅝	9.47
Hydro-Quebec 6¾ 99	300	†84⅛	84⅝	+0⅜	−0⅜	9.38
Japan Dev. Bk. 5⅜ 95	300	†84	84½	0	+0⅜	9.36
Japan Finance 5¾ 97	100	81½	82	0	+0⅛	9.45
I.A.D.B. 7¼ 99	300	87½	87⅞	0	−1	9.28
Ireland 6½ 97	300	84¼	84¾	−0¼	−0⅜	9.58
Ireland 7¼ 99	500	86¼	86¾	−0¼	−0⅛	9.49
Malaysia 6¼ 94	150	91¾	92¼	0	−2⅛	8.52
Nat. West BK. PLC 6 98	300	†81	81½	−0¼	0	9.39
Nippon Telg.&Tel. 6 95	400	†86⅛	86⅝	−0⅛	+0⅜	9.31
Oesters. Kontbk. 5 93	300	89½	90	0	0	9.17
Portugal 5¾ 92	150	92¼	92¾	+0½	+0¼	9.34
Portugal 6⅝ 95	150	88	88½	0	−0½	9.48
Royal Insurance 5½ 92	300	92½	93	−0¼	+0½	9.46
Turkey 6½ 95	500	†86⅞	87⅜	−0⅜	−0⅞	9.77
Union Bk.Finland 5½ 94	200	†87¼	87¾	+0⅛	−0⅛	9.50
World Bank 6 98	500	†81¼	81½	0	+0½	9.21
World BK. 6¼ 97	600	83¾	84⅛	0	−0½	11.13
World Bank 6¾ 99	600	84¼	84⅝	0	−1	9.30

Average price change... On day 0 on week −0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†84	84⅛	−0⅝	−0⅝	8.29
Asfinag 5 03	100	†81	82	+1⅜	+1	7.18
B.F.C.E. 4½ 98	200	†82½	83	−0⅛	0	7.33
B.M.W.Fin.Neth. 5 13	150	†73½	74½	+0½	+0½	7.37
Britannia B/S. 4¾ 94	100	†85	86	0	+0½	8.43
CIR. Int. W/W 3 93	125	†82½	82¾	−0½	−0½	9.22
Credit Lyonnais 4¾ 00	100	†79	79¼	+0⅝	+0¼	7.78
E.I.B 4⅝ 98	150	†82	82½	−0¼	−1½	7.58
Finn. Exp. Cd. 8¼ 92	75	†96½	97½	+0½	−1¼	9.58
Fletcher Chall. 4⅞ 98	150	†74¾	76	+0⅜	+0¾	9.34
I.A.D.B. 6 2004	200	†89	89¼	0	+0½	7.23
Kobe City 4⅝ 98	150	†82½	83	−0¼	0	7.47
Leeds Perm. B/S. 4½ 93	200	†87½	89	+0⅜	+2⅛	8.58
Malaysia 5¾ 98	100	†76½	76¼	−4¼	−3½	9.41
Maxwell Comm.Crp. 5 95	150	†80½	81	0	+0⅛	9.83
Nat. Bk. Hungary 5½ 94	75	†83¾	84	−0⅛	−1	9.87
Nationwide Ang.B/S. 4 93	200	†86½	87½	+0¼	0	8.71
Prov. Newfoundland 5 03	150	†79½	80	−0¼	+0¾	7.39
Thailand 4⅝ 95	200	†83	85	+3⅛	+2¼	8.46
World Bank 5 03	150	†81½	83	+0⅝	+1⅛	7.09

Average price change... On day +0⅛ on week +0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	99	99¼	+0⅛	−0⅛	0.07
Canada 5⅝ 93	80	95⅞	96⅛	+0⅞	−0¼	6.98
Cr.Local France 6¼ 94	300	96	96⅜	+0¼	−0⅜	6.61
Denmark 6¼ 95	300	95⅞	96⅛	+0⅛	−0⅜	6.63
E.I.B. 4⅞ 93	30	94⅛	94⅝	0	−0¼	6.97
Norway 5⅛ 95	50	92⅛	92⅝	0	−0¼	6.99
Sweden 4⅝ 93	50	93⅛	93⅝	+0⅛	−0⅛	6.96
World Bank 5⅛ 98	10	87⅞	88⅜	0	−0¼	7.14
World Bank 7 94	20	100¼	100¾	+0⅛	−0¼	6.85

Average price change... On day +0⅛ on week −0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10¼ 94 C$	150	92⅛	92⅝	−0¼	−0⅜	12.53
Abbey Nat. 11⅝ 93 £	100	92¼	92¾	−0¼	−2	14.96
Aegon 7¾ 92 Fl	100	97⅞	98⅝	0	0	8.05
Alg. Bk. Ned. 5⅝ 93 Fl	200	90⅞	91⅜	−0¼	−0¼	9.24
Austria 7½ 94 Ecu	100	89⅛	89⅝	+0⅛	−0¼	10.87
Barclays Aus.13½ 91 A$	100	96⅞	97	+0⅛	−0⅛	15.86
Belgium 8½ 94 Ecu	150	90¼	90¾	0	−1¼	11.21
Bell Canada 10⅞ 04 C$	200	92⅝	93⅛	−0⅛	−0⅞	11.91
BP Capital 9⅛ 93 £	100	88	88⅝	−0¼	−1⅛	14.77
British Airways 10 98 £	100	82	82½	−0⅛	−2⅞	13.80
Brit. Telecom 9½ 93 £	150	†88½	89¼	0	−0⅝	14.29
Comm.Bk.Aust. 12⅝ 93A$	100	†93	93½	+0⅜	−1	15.37
Comm.Bk.Aus.13¾ 94 NZ$	60	101⅞	102⅛	0	−0⅛	13.18
Credit Foncier 9 96 Ecu	100	90⅝	91⅛	−0⅛	−0⅝	11.05
Cr.Local France 9¼ 92 Ecu	100	96¾	97⅜	0	0	10.76
Deut.Bk.Aus. 13¾ 93 A$	125	96⅜	96⅞	+0⅛	−0⅝	14.54
Deutsche Bk.Fin. 15 94 A$	100	100⅜	101⅝	+0⅝	−0⅛	14.62
Elec.De France 9¾ 99C$	150	88	88⅝	−0¼	−1⅛	11.87
E.I.B. 7 96 LFr	100	†93⅛	93¾	0	+1	8.44
E.I.B. 7⅛ 99 Fl	150	87	87½	−0¼	−0⅜	9.18
E.I.B. 9 99 Ecu	150	†89⅞	90⅜	−0⅛	−0½	10.74
Eurofima 7⅝ 94 Ecu	100	89¼	89¾	−0⅛	−0¼	11.07
Fed.Bus.Dv.Bk. 9 94 Ecu	100	†92½	93	−0⅛	−0½	11.18
Fed.Bus.Dv.Bk.9¾ 92 C$	75	†94½	95	−0⅛	−0⅛	12.51
Ford Cr.Can.10¾ 93 C$	100	†96	96½	0	+0⅛	12.33
Ford Cred.Can.10⅞ 96C$	125	93⅛	93⅞	−0⅜	−1	12.44
Ford Cred.Fund.10¾ 93£	60	89½	90¼	−0⅝	−1⅛	14.47
G.M.A.C.Canada 11 3/4 94C$	100	97⅛	97½	−0⅛	−0⅝	12.62
Heineken 7⅝ 94 Fl	150	†95½	96	0	−0½	8.13
Hydro-Quebec 11 99 C$	400	94⅜	94⅝	−0¼	−1	12.03
Lloyds Bank 10¼ 98 £	150	82¾	83⅛	−0½	−2⅝	13.89
Lloyds Bank 11⅞ 98 £	100	—	—	—	—	—
Nat. Aus. Bk. 14¼ 94A$	100	†99⅜	99⅞	+0⅞	−0¼	14.87
New Zealand 9½ 93 £	100	87¾	88⅛	−0⅛	−1¼	14.53
O.E.K.B. 10¾ 99 C$	150	90⅜	91	−0¼	−1¼	11.94
Royal Bk.Scot.10⅛ 98 £	125	84⅝	85⅛	−0¼	−3⅛	13.90
Saskatchewan 10¼ 93 C$	200	93¼	94⅜	0	−0⅝	12.33
State Bk.NSW. 13⅞ 93A$	100	96⅞	97⅜	+0⅜	−0⅝	14.86
Sweden 7½ 93 Ecu	250	89⅜	89¾	−0¼	−0⅝	11.09
Sweden 15 94 A$	100	100½	101	+0⅞	−0⅜	14.73
Toyota Mtr.Cr.10¾ 94C$	150	93	93½	0	−0⅝	12.29
Toyota Mtr.Cr.11⅜ 92C$	150	97⅜	97¾	−0⅛	−0⅛	12.67
World Bank 7⅛ 99 Fl	300	87	87½	−0⅛	−0⅝	9.22
World Bank 9½ 95 Ecu	100	95¾	96¼	−0¼	−0¼	10.58
World Bank 10⅞ 94 £	200	90½	91	−0¼	−1¼	13.74
World Bank 13⅞ 92 A$	100	97¾	98⅜	+0⅜	−0⅜	14.31
World Bank 14¼ 94 A$	75	99¼	99¾	+0⅝	−0½	14.33
Zentrspk. 13¾ 93 A$	75	†96⅞	97⅛	+0¼	−0⅝	14.30

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.86	99.91	24/04	15.33
Bank of Greece 99 US	†0¼	99.02	99.12	8/03	9¼
Belgium 91 US	0	100.05	100.15	21/08	8.32
Chelt.& Gloucester 94 £	.063	99.74	99.79	31/05	15¼
Credit Foncier 98 US	.063	99.73	99.83	20/04	8.31
Dresdner Finance 99 DM	†.031	100.33	100.43	28/04	6.97
EEC 3 92 DM	†0	100.46	100.56	21/08	9
Halifax BS 94 £	.1	99.98	100.03	9/05	15.22
Invt. In Industry 94 £	0¼	99.95	100.05	17/04	15½
Leeds Perm. B/S. 94 £	0⅛	100.06	100.11	17/04	15.37
Milk Mkt. Brd. 5 93 £	0⅛	99.90	99.95	29/03	15¼
New Zealand 5 97 £	.07	99.96	100.06	22/05	15.06
Northern Rock 92 £	0½	99.80	99.85	30/04	15.18
State Bk. New. 98 US	.188	99.92	100.02	14/08	8.56
Woolwich Equit. BS. 95 £	0⅛	99.97	100.02	17/04	15.37
Woolwich 5 95 £	0⅛	99.95	100.01	22/05	15¼

Average price change... On day −0.01 on week 0.00

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62	111¾	112¾	0	4.84
Amer. Brands 7¼ 02 US	9/87	56.7	114½	115½	+0⅞	1.28
Asda 4¼ 02 £	3/87	1.64	101	102	+0¼	52.53
CBS. Inc. 5 02 US	4/87	200.	96½	97½	−0½	7.70
Dai-Ichi Kan. 3⅞ 04 US	7/89	3486.	78¼	79¼	0	6.92
Daiwa Bank 3¼ 95 US	2/90	1628.	91½	92½	+0½	2.38
Primerica 5½ 02 US	4/87	66.75	70½	71½	0	77.17
Eng.China Clay 6½ 03 £	9/88	4.8	81½	82½	−0⅞	5.24
Fujitsu 3 99 US	5/84	1206.	199⅞	200⅞	−0⅞	−0.84
Ladbroke Grp. 5½ 04 £	†6/89	3.55	96	97	−0½	15.73
Land Secs. 6¾ 02 £	6/87	6.72	78⅞	79⅞	−0¼	12.29
Minolta Camera 2¼ 94DM	†2/86	1004.	98	99	−0¼	8.17
MCA Inc 5½ 02 US	9/87	69.62	94¾	95¾	+0⅞	17.01
Mitsubishi Bk. 3⅛ 04US	5/89	3266.	76½	77⅛	+0⅜	5.82
Next Plc 5¾ 03 £	11/87	4.3	95	96	+0¼	297.44
[illegible] Nipp.Bk.2⅞ 03 US	4/88	804.	159¼	160¼	+9¼	−0.51
Omnicom Inc. 6 1/2% 04 US	10/89	28.	101⅞	102⅞	−0	23.29
Omron Tateisi 2¾ 02 US	4/87	1310.	246	247	−4	−1.95
[illegible] 4¾ 03 £	1/88	3.5	110¼	111½	−2½	0.27
Redland 7¼ 02 £	1/87	5.4	101½	102½	−0½	4.84
Saatchi&Saatchi 6¾ 03 £	†10/89	4.41	61	62	+1	82.82
Silicon Graphics 8 04 US	6/89	23.38	140¼	142¼	+4¼	−8.91
Sumitomo Bank 3¼ 04 US	2/89	3897.	74	75	0	14.41
Texas Ins. 2¾ 02 US	9/87	82.87	75⅛	76⅛	0	73.13
Utd.N'papers 8 04 £	10/89	8.77	123¾	124¾	+0¼	203.98
W.R. Grace 6¼ 02 US	9/87	42.12	88½	89½	−0¼	28.70

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.
Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn=The current coupon.
Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

SEC to advise on eastern European stock markets

By **Janet Bush** in New York

THE Securities and Exchange Commission, which regulates US securities markets, is setting up a special committee to advise on how it can help the development of securities markets in the Soviet Union and eastern Europe.

Mr Richard Breeden, chairman of the SEC, said yesterday in announcing the new committee: "There is no more fitting manner for the US, which has been the world leader in the development of competitive and efficient securities markets, to aid the process of economic development in eastern Europe and the Soviet Union than by assisting in the creation of free capital markets in these countries."

Members of the committee, expected to hold its first meeting next month, will include leaders of US securities houses, representatives from stock exchanges and executives from other financial firms.

Mr Breeden said yesterday that President Bush was keen to involve regulators and the private sector in an effort to provide training, advice and technical assistance.

He said: "My impression from the meeting with the Soviet Union was this is not an abstract question for them. They are absolutely serious about developing private capital markets as an essential part of their wish to tranform the economy."

The SEC received a delegation last month from the Soviet Union, which was reviewing the US banking and securities markets and there had been similar meetings with groups from Hungary and Poland.

Melamed leaves power vacuum

By **Deborah Hargreaves**

MR LEO MELAMED'S decision to step down from his two posts at the Chicago Mercantile Exchange has shocked the US futures industry over which he has presided as the high priest of financial futures for more than two decades.

The ebullient Mr Melamed has led the CME from its roots as a torpid agricultural exchange into the innovative leader of an aggressive industry, where billions of dollars-worth of contracts change hands daily.

Mr Melamed's surprise announcement comes after a year in which CME trading volume rose by more than a third, but which also saw the exchange become embroiled in a massive fraud inquiry by the FBI and an often acrimonious battle to renew the authority of the industry regulator, the Commodity Futures Trading Commission.

His departure from the CME leaves a power vacuum at the top. While Mr Melamed held the relatively obscure posts of special counsel to the board and chairman of the executive committee, he has been the driving force behind the exchange for 23 years. He admitted yesterday that it will be hard to reproduce his combination of trading knowledge and experience.

The force of Mr Melamed's energetic personality, coupled with his passionate commitment to the futures business, has made him a prominent figure in the industry's long-running public relations campaign.

He fought to defend futures after they received part of the blame for the 1987 stock market crash and has been consistent in his efforts to reform the CME's trading rules in the wake of the FBI probe.

Mr Melamed says he has delayed his departure by three years to fight for futures in the controversies that have rocked the industry since the stock market crash. "I simply need to recapture my life," he said yesterday.

He will concentrate on trading for his personal account, building up his investment firm, Dellsher & Co, and continuing to write. After the publication of his first science fiction novel recently, Mr Melamed intends to write a sequel as well as a book about his experiences in the futures industry.

Enthusiasm for warrant funds wanes

By **Deborah Hargreaves**

ENTHUSIASM for the rash of Japanese equity warrant funds that have been announced in recent weeks has been dampened by the volatility that has rocked Tokyo stocks.

Morgan Stanley's decision yesterday to reduce the size of its warrant fund from $75m to $50m reflects the difficulty of placing these funds into the current unstable environment for Japanese equities.

Morgan Stanley decreased the size of its fund to try to ensure a tight after-market for it, given the 25 per cent fall in Japanese warrant prices since the fund was announced.

At the same time, Merrill Lynch has extended the period earmarked for selling its $50m fund to March 22, allowing the Tokyo stock market time to settle down before the firm goes ahead with investing its fund money.

All of the fund managers are looking to pick a bottom in Japanese equity warrant prices and are trying to pitch the timing as a good buying opportunity of cheaper warrants.

However, the market has been so wildly volatile recently that it is proving hard to market this optimism to the predominantly retail customers at whom these funds are aimed.

Schroders benefited from being the first in the recent batch of Japanese equity warrant funds and even managed to increase its offering from $70m to $75m.

Italy $1.5bn deal sinks to a discount

By **Norma Cohen**

THE Republic of Italy yesterday issued its $1.5bn seven-year Eurobond, only to watch it almost immediately sink to a discount equal to its full fees. The issue has once again opened the debate about the merits of the fixed-price re-offer mechanism and exactly what that method of syndication is expected to accomplish.

Joint lead managers Salomon Brothers and Morgan Stanley fixed the coupon on the bonds at 9⅜ per cent and priced them at 99.51, which yields 57½ basis points over comparable US Treasuries. The spread is one-half point outside the 55 to 57 basis point price which had been announced on Monday.

Co-lead managers on the deal, who received allotments of $45m bonds apiece, were not asked their views on an appropriate spread for the securities. Salomon said that to do so would have alerted competitors to the fact that it was about to receive a mandate.

However, co-leads said that clients had been approached by other firms which knew of Italy's intentions and they had expressed interest in buying bonds with a spread of 60 to 62 basis points. Within minutes of the bonds' launch, a price appeared on the brokers' screen offering to buy $9m bonds at a spread of 68 basis points over Treasuries. After the syndicate was broken, the bonds traded at a discount equal to full fees of 62 basis points over Treasuries.

At the heart of the matter, dealers said, is that fixed-price re-offer mechanism is only effective when the pricing is realistic. The system, which does not allow for bonds to be sold outside issue price until the syndicate is sold out, is not effective when non-syndicate members are willing to bid for bonds at a discount. And no amount of tinkering with the syndication system will compensate for poor pricing that makes sales at a discount necessary, dealers said.

While the co-leads have not actually lost money on the deal, there was widespread irritation at the fact that no profit will be made. The attraction of the fixed price mechanism is that it limits opportunity for market manipulation and that fees to underwriters are larger. Co-leads reported having sold $20m to $25m of their allotments, leaving them with about half their allocations yet to sell.

There was also irritation at what was seen as a tacit admission by Italy that the pricing was tight in the form of an extra half-basis point of yield. Dealers said the increase was too small to make the deal attractive, but large enough to underscore how the bonds had been mispriced in the first place. Salomon, however, defended the richer pricing, pointing out that it increased Italy's borrowing costs by about $500,000 and said it reflected the borrower's concession to tough trading conditions in the market.

In Switzerland, prices improved slightly in grey market trading due to slightly easier short term interest rates and a lack of new paper.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Italy(c)♦	1.5bn	9⅜	99.51	1997	30/12½bp	Salomon Brothers
Fujikura Ltd.♦	200	2⅝	100	1994	2¼/1½	Nomura Int.
Nichimen Europe(c)♦	30	9⅜	101⅜	1993	1⅜/⅞	LTCB Int.
SWISS FRANCS						
Caisse Nat. d'Autoroutes(a)♦	120	7½	101¼	1996	1⅞	SBC
Sumisho Computer(b)§★★	70	Zero	100	1994	1½	Yamaichi Bank (Switz)
Tamura Electric Works#★★	70	2½	100	1994	1½	B.della Svizzera Ital.
AUSTRALIAN DOLLARS						
State Bk of South Australia♦	50	16	101.95	1992	1¼/¾	Hambros Bank
YEN						
Interfinance Cr.National(c)♦	10bn	7¼	101⅞	1995	1⅞/1¼	IBJ Int.
Okobank(e)♦	3bn	9	101¼	1992	1¼/¾	New Japan Secs.
ECUs						
Bqe Int. à Luxembourg(c)♦	20	11½	101⅝	1992	1⅛/⅝	Banque Int. à L'bourg
AUSTRIAN SCHILLINGS						
Austria(d)‡♦	8bn	-⅛	100.05	1993/2002	20bp	Girozentrale-Vienna

★★Private placement. #With equity warrants. §Convertible. ‡Floating rate notes. ♦Final terms. a) Call after five years at 101. b) Yield to put 3.992%. c) Non-callable. d) Issue increased from Sch4bn. International tranche increased to Sch3bn from Sch2bn. Coupon pays ⅛ under 3-month Vibor. Call at par from March 1993 and on coupon dates thereafter. e) Nikkei stock index linked redemption.

Treasuries move ahead as dollar improves

By **Janet Bush** in New York and **Andrew Freeman** in London

GOVERNMENT BONDS

THE continuing strength of the dollar underpinned US Treasury bonds which registered marginal gains in quiet trading at yesterday's midsession.

Short-dated maturities were quoted unchanged to 1/32 point higher while the Treasury's benchmark long bond was up 1/32 point to yield 8.64 per cent.

The US Federal Reserve was reported to have been selling dollars against the Japanese yen following intervention by the Bank of Japan overnight. The dollar, however, remained well bid and was quoted at the New York midsession near its day's highs at Y149.80 and DM1.7010.

The underlying firmness of the Treasury market was partly because the Bank of Japan did not raise its discount rate overnight. There has been speculation of higher Japanese interest rates for weeks and this has intensified since the recent election.

■ THE UK government bond market had a quieter session yesterday, moving into a less volatile trading range after the recent sharp falls in gilt prices.

Analysts pointed to the steadier tone of sterling on the foreign exchange markets as the main reason for the slightly improved sentiment. The pound rallied against the D-Mark and climbed over the DM2.80 level.

Nevertheless gilt prices were marked down ¼ to ½ point further after an initial period of consolidation. The 11¾ per cent gilt maturing 2003-07 dropped below par and hit a low of 99¾ before recovering slightly to trade at 99 11/32 to yield 11.76 per cent.

The underlying tone remained nervous, with analysts suggesting that investors tempted to guess the turning point in UK interest rates by buying gilts would wait at least until the Budget on March 20. The coincidence of an important by-election and trade figures on March 22 add to the general uncertainty.

■ THE timetable for monetary and political unification dominated the German government bond market yesterday as prices remained generally steady during an average session.

After opening around ¼ point lower in line with the overnight performance in the US, prices rallied with the futures market towards their previous levels. The 7¾ per cent bund maturing 2000 was fixed in the morning at 92.17 to yield 8.97 per cent, down 3 pfennigs from Monday's fixing.

On the futures market a technical squeeze drove the spread between the March and June contracts to a wide level of around 80 pfennigs as investors looked to roll over their positions, but lacklustre trading reflected a lack of direction.

Later in the day, bund prices were moved down again to close around 20 pfennigs below Monday's levels. The Bundesbank announced a variable-rate 35-day repurchase agreement and said it would be draining DM18.4bn from the market. However, no shortfall was expected.

■ The Dutch bond market traded broadly in line with Germany ahead of the début counter auction yesterday evening, but then drifted, with prices giving up around 50 cents by the close. There was some concern that bidding for the new 9 per cent state bonds was less active than expected while many banks were putting in bids at low prices in the hope of picking up cheap paper.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	91-25	-7/32	13.28	12.53	12.15
		10.500	5/99	90-10	-16/32	12.27	11.53	11.22
		9.000	10/08	82-30	-18/32	11.20	10.59	10.30
US TREASURY *		8.500	02/00	99-06	+4/32	8.62	8.43	8.59
		8.500	02/20	98-21	+10/32	8.63	8.46	8.58
JAPAN	No 119	4.800	6/99	86.9012	-0.290	7.15	6.93	6.56
	No 2	5.700	3/07	91.3877	-0.072	6.79	6.56	6.26
GERMANY		7.125	12/99	88.3300	-0.720	8.95	8.60	7.71
FRANCE	BTAN	8.000	10/94	90.2272	-0.028	10.77	10.69	10.39
	OAT	8.125	5/99	87.4200	-0.370	10.29	10.02	9.65
CANADA *		9.250	12/99	91.2500	-0.150	10.71	10.52	9.96
NETHERLANDS		7.500	11/99	89.5700	+0.010	9.15	8.89	8.30
AUSTRALIA		12.000	7/99	92.3377	+1.276	13.45	13.40	12.76

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

Compiled by the Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section. Tuesday March 6 1990.

	Equity groups & sub-sections	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Mon Mar 5 Index No.	Fri Mar 2 Index No.	Thu Mar 1 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (202)	839.15	-0.2	13.60	5.13	8.96	1.80	841.14	850.12	843.44	948.44
2	Building Materials (27)	1025.09	+0.3	15.34	5.51	8.13	0.50	1022.29	1036.19	1026.03	1280.20
3	Contracting, Construction (37)	1394.80	-0.1	17.61	5.69	7.44	3.69	1395.96	1410.05	1404.95	1735.95
4	Electricals (10)	2317.73	-0.4	11.59	5.36	10.84	0.75	2326.54	2354.45	2343.37	2744.87
5	Electronics (30)	1844.01	-1.0	9.77	3.99	13.26	10.52	1862.89	1876.55	1860.72	2123.85
6	Engineering-Aerospace (8)	409.55	-0.7	14.76	5.39	8.32	0.04	412.48	420.66	417.08	0.00
7	Engineering-General (43)	453.75	-0.2	12.60	5.30	9.53	1.20	454.45	458.32	456.65	0.00
8	Metals and Metal Forming (6)	464.20	-0.8	25.38	6.63	4.44	0.00	467.91	475.14	466.59	539.20
9	Motors (16)	348.09	-0.1	15.19	6.14	7.72	0.00	348.45	350.29	348.65	319.41
10	Other Industrial Materials (25)	1522.58	+0.2	11.25	4.77	10.32	3.06	1520.29	1535.46	1522.97	1571.36
21	CONSUMER GROUP (177)	1193.72	-0.9	9.46	4.01	13.20	3.14	1205.13	1219.33	1216.09	1184.07
22	Brewers and Distillers (22)	1369.31	-0.9	10.20	3.84	12.10	6.57	1381.06	1405.98	1417.32	1338.52
25	Food Manufacturing (20)	1033.34	-1.0	10.49	4.47	11.06	1.70	1043.56	1055.66	1050.72	1039.64
26	Food Retailing (16)	2224.62	-1.0	9.12	3.41	14.23	6.99	2247.46	2274.84	2266.10	1996.64
27	Health and Household (13)	2365.35	-0.9	6.62	2.76	18.00	0.20	2385.64	2401.86	2382.76	2163.49
29	Leisure (31)	1452.22	-1.5	9.12	4.09	13.53	5.74	1474.66	1490.02	1490.77	1626.87
31	Packaging & Paper (13)	549.84	-0.6	12.78	5.65	9.89	0.90	553.17	556.50	555.33	602.83
32	Publishing & Printing (16)	3274.63	-1.2	9.86	5.35	12.97	21.20	3315.01	3338.80	3336.24	3751.15
34	Stores (33)	758.40	-0.7	11.43	4.93	11.39	1.78	763.85	773.55	773.22	766.44
35	Textiles (13)	488.07	-0.5	11.82	6.14	10.26	0.37	490.62	492.55	495.53	520.13
40	OTHER GROUPS (103)	1136.42	-0.9	10.99	4.97	10.90	1.57	1147.02	1159.13	1149.21	1073.11
41	Agencies (17)	1528.43	-0.8	6.84	2.44	17.89	9.20	1540.22	1545.73	1534.87	1337.13
42	Chemicals (22)	1180.38	-0.4	12.21	5.59	9.63	0.57	1185.67	1182.42	1170.59	1203.72
43	Conglomerates (13)	1576.57	-0.2	10.33	6.21	11.40	5.27	1579.00	1587.29	1553.13	1503.35
44	Transport (13)	2208.55	-1.1	11.03	4.35	11.54	2.80	2233.34	2252.84	2239.02	2392.91
46	Telephone Networks(2)	1152.51	-1.9	11.02	4.45	11.00	0.00	1175.38	1207.94	1211.71	1133.05
47	Water(10)	1961.90	-1.8	17.76	6.90	6.24	0.00	1997.59	2037.38	2024.49	0.00
48	Miscellaneous (26)	1832.99	-0.4	9.83	4.49	11.40	1.11	1839.56	1848.98	1826.65	1467.45
49	INDUSTRIAL GROUP (482)	1100.78	-0.8	10.96	4.59	11.16	2.33	1109.28	1121.62	1115.42	1113.28
51	Oil & Gas (18)	2329.59	-0.6	10.40	5.17	12.72	31.87	2343.24	2361.15	2325.00	1972.85
59	500 SHARE INDEX (500)	1202.59	-0.7	10.88	4.60	11.36	4.59	1211.55	1224.41	1215.89	1186.58
61	FINANCIAL GROUP (114)	791.10	-0.3	–	5.64	–	5.62	793.44	800.80	800.07	751.61
62	Banks (9)	869.21	+0.1	19.36	6.32	6.76	13.93	868.51	876.67	875.33	742.18
65	Insurance (Life) (7)	1263.62	-0.4	–	5.26	–	0.00	1268.87	1291.81	1288.60	1052.18
66	Insurance (Composite) (7)	646.62	+0.4	–	6.14	–	0.00	644.30	648.99	653.00	601.78
67	Insurance (Brokers) (6)	1061.69	+1.0	6.94	5.94	19.17	0.73	1050.77	1060.56	1058.24	1018.52
68	Merchant Banks (8)	476.53	-1.2	–	3.78	–	0.04	482.30	486.50	489.02	348.26
69	Property (49)	1080.15	-1.3	8.41	4.00	15.05	1.39	1094.04	1104.39	1097.49	1324.64
70	Other Financial (28)	311.15	-1.2	13.94	6.82	9.46	2.30	315.05	314.84	314.27	382.88
71	Investment Trusts (68)	1141.41	-0.1	–	3.20	–	4.61	1142.12	1153.62	1142.87	1099.59
91	Overseas Traders (5)	1341.81	....	9.62	6.81	12.57	38.79	1342.21	1361.42	1357.44	1404.37
99	ALL-SHARE INDEX (687)	1102.28	-0.6	–	4.79	–	4.90	1109.45	1121.03	1114.18	1088.89

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 5	Mar 2	Mar 1	Feb 28	Feb 27	Year ago
FT-SE 100 SHARE INDEX‡	2216.0	-14.5	2230.2	2211.8	2230.5	2254.8	2238.4	2255.4	2254.8	2003.5

FIXED INTEREST

	PRICE INDICES	Tue Mar 6	Day's change %	Mon Mar 5	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	113.57	-0.07	113.65	–	2.06
2	5-15 years	118.62	-0.34	119.02	–	2.41
3	Over 15 years	124.03	-0.63	124.82	–	2.32
4	Irredeemables	140.47	-1.01	141.90	–	1.51
5	All stocks	119.17	-0.29	119.52	–	2.29
	Index-Linked					
6	Up to 5 years	140.01	-0.03	140.05	–	0.94
7	Over 5 years	133.40	-0.56	134.15	–	0.81
8	All stocks	133.78	-0.52	134.49	–	0.82
9	Debentures & Loans	98.82	-0.18	98.99	–	2.12
10	Preference	77.90	-0.22	78.08	–	1.17

	AVERAGE GROSS REDEMPTION YIELDS		Tue Mar 6	Mon Mar 5	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.41	11.36	9.12
2		15 years	11.12	11.05	8.93
3		25 years	11.01	10.93	8.83
4	Medium Coupons	5 years	12.75	12.70	10.38
5		15 years	11.56	11.48	9.39
6		25 years	11.13	11.03	8.97
7	High Coupons	5 years	12.85	12.80	10.43
8		15 years	11.85	11.70	9.62
9		25 years	11.36	11.20	9.17
10	Irredeemables†		11.02	10.90	8.70
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.56	4.54	3.31
12	Inflation rate 5%	Over 5 yrs.	4.05	4.01	3.48
13	Inflation rate 10%	Up to 5 yrs.	3.63	3.61	2.45
14	Inflation rate 10%	Over 5 yrs.	3.88	3.84	3.31
15	Debs & Loans	5 years	13.60	13.59	11.98
16		15 years	13.12	13.09	11.32
17		25 years	13.12	13.09	10.73
18	Preference†		11.84	11.82	10.03

‡Opening index 2236.4; 10 am 2233.5; 11 am 2223.4; Noon 2214.2; 1 pm 2212.6; 2 pm 2212.6; 3 pm 2212.1; 3.30 pm 2213.0; 4 pm 2213.5 (a) 9.15am (b) 2.51pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	89	6
Corporations, Dominion and Foreign Bonds	0	8	18
Industrials	220	568	808
Financial and Properties	116	194	393
Oils	20	39	33
Plantations	0	1	9
Mines	35	30	93
Others	50	89	118
Totals	443	1,018	1,478

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
§125	F.P.	–	128	123	ABI Leisure 10p	126		R4.7	3.3	5.0	8.2
§14	F.P.	–	16	15	‡ADG Group 5p	15½	-½	R0.5	3.7	4.3	5.2
–	F.P.	–	508	485	Abtrust New Euro. I. T.	493	+5	–	–	–	–
–	F.P.	–	1½	¼	‡Atlantic Res. Warrants	1¼		–	–	–	–
100	F.P.	–	101	97	BZW Conv. Inv. Tst. 10p	99		–	–	–	–
100	F.P.	–	97	91	Beta Global Emg. I.T.10p	93		–	–	–	–
–	F.P.	–	28	23	Do. Warrants	27	+1	–	–	–	–
§42	F.P.	–	45	37	*Biocure 1p	42	+1	–	–	–	–
†	F.P.	–	300	300	*Chartwell Group £1	300		R3.0	–	0.4	–
†	F.P.	–	215	215	*Cityboad Storage Serv.£1	215		–	–	–	–
–	F.P.	–	4½	1	Courtwell Group Wrnts.	2½		–	–	–	–
–	F.P.	–	49	36	First Philipps. Inv. Tst.	36	-2	–	–	–	–
–	F.P.	–	22	15	Do. Warrants	15	-1	–	–	–	–
†	F.P.	–	560	525	Five Arrows Chile Fd	546	-3	–	–	–	–
†	F.P.	–	213	140	Do. Warrants	212	-1	–	–	–	–
$10.6	F.P.	–	644	584	GT Chile Fund Units	621	-4	–	–	–	–
$10.3	F.P.	–	625	572	Genesis Malaysia Maju 1c.	621	-4	–	–	–	–
100	F.P.	–	99	98	German Inv. Tst.	98		–	–	–	–
100	F.P.	–	100	97	Henderson Highland Tst	98		Ka4.5	–	6.1	–
$100	F.P.	–	566	563	Hungarian Investment 1c.	566		–	–	–	–
§38	F.P.	–	43	38	*Image Store Hldgs. 10p	40		–	–	–	–
$10	F.P.	–	616	572	Malaysia Eq. Fd. 10c	591	-4	–	–	–	–
$10	F.P.	–	227	192	Do. Warrants 10c	212	+14	–	–	–	–
–	F.P.	–	508	500	Martin Currie Euro. I.T.	507	+1	–	–	–	–
–	F.P.	–	35	22	Merlin Intl Green Wrnts	27	+1	–	–	–	–
†	F.P.	–	188	160	Midlands Radio 10p	164	-13	4.5	1.4	3.7	16.0
§100	F.P.	–	103	98	‡Novalal 5p	98		–	–	–	–
$10.5	F.P.	–	600	550	Scottish Asian Inv Ptg 1c.	570	-5	–	–	–	–
§25	F.P.	–	40	25	‡Storm Group 1p	33	-1	–	–	–	53.2
†	F.P.	–	195	185	Sutton Dist. Water A 1p	185		–	–	–	–
†	F.P.	–	138	128	Do. B 1p	131		–	–	–	–
£2400	£1000	–	£1755	£1080	Water Package Units	£1550	-68	–	–	–	–
§70	F.P.	–	79	70	‡Wiltshire Brewery 5p	70	-2	L1.5	–	2.9	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	117p	109p	BZW Conv. Inv Tst. Units '96-2002 5p	109p	
98.94	F.P.	-	99⅝	91⅛	British Inv. Tst. 11¼pc Sec. Db 2012	91⅛	
-	F.P.	-	85p	71p	Courtwell Group 10¼pc (Net) Cv.Cm.Pf	71p	
100¾p	F.P.	-	101¾p	95p	Evered 11.25p Cm Rd Pf 2005 10p	99p	
§100	Nil	-	33pm	25pm	Gestetner Non-Int. Cv. Uns Ln 1990	25pm	
100p	F.P.	-	98p	96p	Wyndham Group 9.375pc Cm.Pf	98p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price p	+ or -
120	Nil	–	13pm	¼pm	Citywision 5p	¼pm	-½
260	Nil	–	6pm	2½pm	Electra Inv. Tst.	2½pm	-1½
8	Nil	–	4pm	1pm	*Int'l. Comm. & Data 5p	4pm	
130	Nil	–	26pm	21pm	‡Millerdac	25pm	
85	Nil	–	10pm	1½pm	RSM 10p	1½pm	-½
100	Nil	–	14pm	11pm	Radiotrust	11pm	-2
200	Nil	–	78pm	49pm	Rosehaugh	49pm	-11
127	Nil	6/3	47pm	12pm	‡Moss Group 10p	12pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. § Offered to holders of ordinary shares as a "rights". ‡ Introduction. §Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market.

TRADITIONAL OPTIONS

- First Dealings March 5
- Last Dealings March 16
- Last Declarations June 7
- For settlement June 18

For rate indications see end of London Share Service

Calls in Butte Mining, BAT Inds., Atlantic Res., NMC warrants, Burford, Oliver Res., Tuskar Res., Gaelic Res. and British & Commonwealth.

LONDON TRADED OPTIONS

TURNOVER picked up yesterday on busier trading in FT-SE 100 index options as some investors responded to the stock market's decline by hedging in puts.

Total FT-SE volume stood at 10,324 lots, compared with 5,117 on Monday, and accounted for almost a third of market transactions. Yesterday's trade was heavily weighted towards puts, with 8,984 changing hands, against 1,340 calls. The busiest series was the June 2,150 put, which traded 2,000.

The market was boosted by one bearish trade, involving the sale of 800 June 2,200 puts at 69p and the purchase of 1,600 June 2,150 puts at 52p. Another deal involved the purchase of 500 March 2,250 puts and the sale of 500 April 2,150 puts.

Attention was focused on the futures market, which led the cash index into negative territory on worries over possible declines on Wall Street. The gap between the futures market narrowed from a 10 point premium to parity as concern about a US large programme trade depressed equity prices.

The drop in the UK market prompted a flurry of put trading.

But during the afternoon, the stock market regained its composure as Wall Street firmed, and a late bear squeeze on the futures market cut losses still further. The premium at the close stood at 12 points, compared with 9 on Monday.

Total market turnover stood at 32,433 lots, against 21,313 on Monday. Yesterday's total was divided between 12,771 calls and 19,662 puts. The number of contracts outstanding at the close of business on Monday stood at 791,838 lots, compared with 785,028 on Friday, as open interest continued to climb in the wake of the expiry of February options. FT-SE open interest was 95,613 contracts, against 94,029.

Among the stock options, British Telecom was the busiest, trading 2,691 contracts. This was divided between 260 calls and 2,431 puts. the May 260 put series was the most active, trading 833. Ladbroke also featured, trading 2,284 contracts. This was divided between 1,247 calls and 1,037 puts.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*423)	420	21	32	46	13	22	27
	460	6	15	27	40	50	52
	500	2	7	15	80	83	84
ASDA (*109)	100	14	19	22	3	5	8
	110	7	14	16	7	10	12
Brit. Airways (*194)	180	20	23	29	2½	7	9
	200	7½	12	19	11	18	19
Ultramar (*369)	360	22	37	50	11	15	22
	390	10	22	37	33	35	38

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero (*474)	460	37	52	67	25	30	35
	500	18	33	47	50	50	55
BAA	360	45	54	66	6	11	13

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Amstrad (*49)	45	5½	10	13	1½	4	7
	50	2	6½	11	3½	6½	9
Barclays (*580)	550	33	48	68	9	16	23
	600	3	21	35	45	45	52
Blue Circle (*223)	220	10	16	27	4	14	15
	240	–	7	14	–	26	28

UK COMPANY NEWS

B&C's shares dip as Gartmore proceeds fall below City expectations

Indosuez to take Strathclyde stake

By David Owen

BANQUE INDOSUEZ is to acquire British & Commonwealth's 37.9 per cent stake in London & Strathclyde Trust as part of its purchase of Gartmore, the ailing financial services group's UK fund management arm, which is expected to proceed tomorrow.

The two sides confirmed yesterday that they were discussing the sale for a total cash consideration of around £150m. Valuing B&C's piece of the Gartmore-managed investment trust at about £12m, its proceeds from the sale of Gartmore itself would weigh in at some £138m.

B&C shares dipped 5p to 54p on the news, cancelling out Monday's gains and cutting the group's market value to less than £200m.

Monday's move had followed reports suggesting that Indosuez, the ninth largest French bank, thought it might have to pay "closer to £150m" for Gartmore alone.

Indosuez has targeted asset management and consultancy services for institutional, corporate and wealthy individual investors as a "priority growth area" in its current business plan.

As the bank has indicated, these aims pre-suppose a stronger presence in the sector outside France. Early last year, it acquired 40 per cent of US-based Daniel Breen, an investment advisory and portfolio management group serving exclusively domestic clients.

Clearly, the acquisition of Gartmore – which B&C is being forced to sell under a series of asset disposals to reduce debt – would tie in with this strategy. As at last November, the unit trust and pension-fund management group had funds under management of £6.4bn.

Indosuez has also assumed a steadily higher profile in the international brokerage sector since buying WI Carr, the London-based stockbroker specialising in the Far East, from Exco International in 1986. At the time, Exco was the subject of a £673m bid from none other than B&C.

Jean-Jacques Picard, general manager, Indosuez' UK branch

Since then, purchases have included control of Cheuvreux de Virieu of France and 75 per cent of Capital Securities of Canada. In February 1989 it paid $13m for 25 per cent of Nava Finance and Securities, a leading Thai brokerage house.

Last year, Indosuez was the unsuccessful suitor for Morgan Grenfell, the merchant bank which was finally acquired by Deutsche Bank. The bank made a tidy £30m profit on its briefly-held Morgan stake in the process, however.

London & Strathclyde, which was registered in 1928 and boasts assets of some £44m, invests in smaller listed and unlisted companies in its attempts to generate capital and income growth. Its management contract with Gartmore provides for two years' notice to be given on either side.

Monks stake depresses Sumit

The net asset value per £1 share of Sumit, the venture capital investment company, was 245p basic or 206p fully diluted at the end of 1989.

The figures compared with 258p and 213p respectively for the previous 12 months. Mr Simon Sharp, chairman, said the downturn reflected a 37.5 per cent fall in the value of the group's holding in Monks & Crane, the USM-quoted engineer, and the appointment of receivers at Brandon and at Masterpiece.

Mr Sharp said Sumit's investment would continue to be focused in the Midlands.

Earnings per share for 1989 were 7.7p (6.9p), emanating from pre-tax profits of £593,537 (£534,094). A recommended final dividend of 3.7p lifts the total for the year by 0.7p to 5.2p.

US buy lifts Expamet to £14m

By John Thornhill

PRE-TAX PROFITS at Expamet International, the building products and security group, increased by 32 per cent, from £10.31m to £13.6m, in 1989.

Sales were 30 per cent ahead at £150.6m (£115.85m).

An acquisition figured prominently in this outcome as Radionics, the US security products manufacturer acquired in February, made a 10 month contribution to the results. It added £25m to sales and £2.7m at the pre-tax profit level. Expamet said it was benefiting from sharing Radionics' expertise with its UK Software Control company.

Software Control, which has now changed its name to PAC International, more than doubled turnover during the year and recorded a strong growth in profits. However, Expamet's other interests in this sector suffered from re-organisation costs.

Expamet has expanded its security division as part of its strategy of lessening its traditional exposure to the building sector. In total, the division increased pre-tax profits from £2.78m to £6.26m.

The building division was affected by the fall in housebuilding in the UK but it was cushioned to some extent by its interests in the commercial and refurbishment markets and its activities overseas which accounted for about 30 per cent of its sales. Overall, pre-tax profits grew slightly to £3.67m (£3.53m).

The industrial division saw its stated taxable profits slip to £3.67m (£4m) although this resulted from the sale of two companies.

The company's disposal programme, which was introduced to reduce its borrowings following the Radionics acquisition, raised £20m after tax. This helped to reduce the company's gearing level to 55 per cent at the year end.

Mr Jeremy Beasley, chairman, said the company's geographic and product spread placed it in a good position to withstand any downturn in the UK. He added that the current year had started well and that orders in the first two months were well up on the previous year.

A recommended final dividend of 6.2p raises the total to 10p (8.75p). Earnings per share expanded by a quarter to 21.31p (17.11p).

Farmers granted discovery requests

By Nikki Tait

ATTEMPTS BY Farmers Group, the US insurance subsidiary of BAT Industries, to enmesh Generali, the Italian insurer, in its regulatory struggle against the French Axa-Midi Assurances group and Sir James Goldsmith's Hoylake consortium, took a significant step forward in Texas yesterday.

The Texas insurance authorities have granted some extensive discovery requests made by Farmers, for documents relating to Generali's relationship to Axa.

The US company will also have the right to request depositions from certain Generali executives, including Mr Enrico Randone, its chairman.

State insurance regulators in nine separate states are currently considering the suitability of Axa to own Farmers. The French company wants to buy Farmers from Sir James Goldsmith's Hoylake consortium if the latter makes a successful bid for BAT.

However, Hoylake cannot rebid for BAT until such regulatory clearances are obtained.

Throughout the regulatory process, Farmers has argued that Generali is a "controller" of Axa, as defined by US regulations and should, therefore, make filings with the insurance departments.

This is disputed by Axa, and a disclaimer of control by the Italian group has been filed with the state insurance departments instead.

The question of control arises because of Generali's 16.37 per cent stake in Compagnie du Midi, which owns the bulk of the shares in Axa-Midi.

Axa and Generali are currently in the process of rearranging the shareholding link and creating a separate joint venture company.

In its discovery request, Farmers asked for access to a heap of documents concerning the relationship between the two groups, their joint venture plans, written communications between them, and so on.

It made similar requests over the relationship between Axa-Midi and Banque Paribas, the French banking group which has advised Axa and which has small stakes in both Midi and Axa. These have also been granted.

Yesterday, however, Axa said that it did not believe the question of Generali's influence would be an issue. Discovery powers were particularly liberal in Texas, it noted, and the disclaimer of control had previously been accepted by the regulators.

The date of the main Texas hearing has not been changed in the light of yesterday's developments, and it should proceed on April 9.

Planning delays check Waterman

First half profit growth at Waterman Partnership Holdings was under 2 per cent because of planning delays on a major project where it was consulting engineer.

Mr Andrew Thomson, chairman, hoped the setback was only temporary and said the second half had started well. The company had also absorbed the costs of the new regional office in Birmingham (now profit earning) and reorganisation of the new Bradshaw Buckton & Tonge subsidiary where earnings were significantly ahead of budget.

In the six months to December 31 1989 work done improved to £8.77m (£6.8m) and profit worked through at £2.45m (£2.41m). The interim dividend is 2.2p (2p) from earnings of 8.8p (8.2p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Domestic & General, Galliford, Gent (SR), Golden Hope Plantations, Harrisons Malaysian Plantations, Lawtex, Sinclair (William), Synapse Computer Services.

Finals- Anglo American Gold Investment, CRH, Cowie (T), Fairey, GKN, Heywood Williams, INSTEM, Life Sciences Intl, Mersey Docks & Harbour, Metal Bulletin, More O'Ferrall, Pickwick, Singapore Para Rubber Estates, Ultramar.

FUTURE DATES

Interims-	
Attwoods	Mar. 13
Baillie Gifford Japan Tst	Mar. 23
Beazer	Mar. 14
Minorco	Mar. 15
Pegasus	Mar. 9
Zambia Copper Investments	Mar. 15
Finals-	
American Trust	Mar. 14
Brent Chemicals	Mar. 26
Brompton	Mar. 19
Clarke, Nickolls & Coombs	Mar. 14
Ensss	Mar. 12
Enterprise Oil	Mar. 15
Fisher (James)	Mar. 19
Gaskell	Mar. 16
Geest	Mar. 20
Halls Homes & Gardens	Mar. 23
Hepworth	Mar. 22
Highlands & Lowlands	Mar. 14
ISA International	Apr. 9
Kleinwort Smaller Co's	Mar. 14
Marley	Mar. 26
Merchants Trust	Mar. 12
Renown Inc	Mar. 15
Robinson Bros	Mar. 12
Slough Estates	Mar. 28
Smith & Nephew	Mar. 22
Sykes-Pickavant	Mar. 26

Suntory offers S$824m for RHM's Cerebos subsidiary

By Nikki Tait

SUNTORY, the Japanese drinks group, yesterday announced a S$824m (£267m) cash offer for Cerebos Pacific, the Singapore-listed food group in which Ranks Hovis McDougall of the UK holds a 70 per cent stake.

RHM has undertaken to accept the offer, provided approval for the change of control is granted by Australia's Federal Investment Review Board.

News that Suntory was in negotiations with the British bakeries and food group for the purchase of its Singapore-based subsidiary – whose products range from Cerebos Salt to Brand's Essence of Chicken, and which also takes in subsidiaries in New Zealand and Australia – was made public last month.

Yesterday's developments start the formal mechanism for changing control.

Suntory is making an offer of S$8.25 per share, the level anticipated in the earlier announcement. This price nets RHM S$577.5m for its stake and the British company said that the funds should be received by April 12.

Cerebos Pacific made consolidated pre-tax profits of S$63.1m in the year to end-July and had net assets of S$107.7m. RHM's profit and loss account benefited to the tune of £18.8m and earnings per share by 2p from the Cerebos holding in the year to September 2. The impact of the subsidiary at the attributable profits level was to add £7.1m.

RHM, which has taken the controversial step of valuing brands in its balance sheet, said yesterday that the sale would reduce pro forma gearing to well below 10 per cent.

The deal, it explained, would provide additional resources to developing its business in Europe and the US.

RHM, where Sir James Goldsmith's Sunningdale consortium is a 29.9 per cent shareholder, added that there were no immediate plans for substantial acquisitions in either area. It also suggested that, of the two regions, Europe was where it is concentrating its energies at present.

Fires fail to dampen spirits at Clinton

TWO FIRES on Friday at shops owned by Clinton Cards, the specialist retailer, have failed to dampen the company's optimism following a 37 per cent pre-tax-profit increase to £3.44m in the year to January 27.

One of the fires badly damaged the Epping shop, while the Bury St Edmunds premises have already reopened.

The profit, which compared with £2.51m last year, was generated on turnover of £33.43m (excluding VAT), a 61 per cent advance. Mr Don Lewin, chairman, said 49 shops were opened during the year, taking the total to 163.

Seven more have already been added this year and he expected the total to be near 50 again, taking advantage of vacancies on the High Street.

Mr Lewin, who claims that his company is the largest specialist card retailer in Europe, said like-for-like growth at existing shops was continuing at an annual rate of 13 per cent.

Although many of the shops were in the consumer-squeezed south-east, the effects had been negligible. "People will still send cards regardless," he said.

The company estimates that the UK greeting card market is worth £630m a year, of which it has a 4.5 per cent share.

Interest charges surged to £603,000 (£107,000).

Earnings per share rose to 17.1p (12.84p) and the final dividend is 3.03p for a total of 4.23p (3.53p).

DIVIDENDS ANNOUNCED

Blagden Inds ......fin	4.9†	Apr 30	4.5	9.1	8.4
Chelsea Man § ......int	0.8	-	0.8	-	2.9‡
Clinton Cards § ......fin	3.03	May 31	2.53	4.23	3.53
Expamet ......fin	6.2	May 4	5.3	10†	8.75
Fisons ......fin	3.85†	-	3.1	6.2	5
Greggs ......fin	8	May 25	7	12	10.125
Haggas (John) ......int	1	Apr 27	1	-	3
Hays ......int	1.15	May 31	-	-	-
Intereurope Tech......int	2	Apr 30	2	-	7
Interlink Exp § ......int	4.125	Apr 20	3.75	-	8
Pacer Systems § ......fin	3‡‡	Jun 15	3	6	5.5
Raine Inds ......int	2	-	1.5	-	5
Robinson (Thos) ......fin	2.5†	Apr 27	2*	4*	3*
Sumit ......fin	3.7	May 22	3.3	5.2	4.5
Sunset & Vine § ......int	1.8†	Apr 26	nil	-	1.5
Templeton ......fin	9‡‡	May 4	7.5	13	11
Victaulic ......fin	6.5	May 11	5.5	9.75	8.5
Waterman Patners ...int	2.2	Apr 20	2	-	6
Wates City ......fin	2.62	May 8	2.31	3.39	3.08
Watmoughs ......fin	7.75	Apr 25	6.5	10.25†	8.5
Wyevale Garden §...fin	3.6	Apr 20	3.1	5.4	4.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ‡For 14 months. ‡‡US cents.

Wyevale Garden grows 15%

A near-15 per cent expansion in taxable profits for 1989 was yesterday reported by Wyevale Garden Centres.

Mr Christopher Powell, chairman of this USM-quoted company, said the increase – from £1.43m to £1.64m – came in spite of generally unfavourable weather "far from ideal for the sale of garden plants and bulbs."

Turnover, ahead to £16.27m (£13.1m), held up "remarkably well" and the year ended with a strong performance from the sale of Christmas-orientated products.

The group currently has 19 operational sites, and capital expenditure during the year amounted to some £4m and consumed the proceeds of the convertible share issue in October 1988. This, according to Mr Powell, was reflected in a lower earnings figure of 13.3p (15.9p) per 50p share.

A proposed final dividend of 3.6p lifts the total for the year to 5.4p (4.5p).

Modest rise at Chelsea Man

Chelsea Man, the USM-quoted mens wear retail chain, yesterday unveiled a modest increase in interim profits.

On turnover of £10.25m (£2.38m) – transformed by the acquisition of 116 outlets from Grant Seward in November 1988 and nine shops from the Shirt Manufacturing Company in January 1989 – pre-tax profits grew 4.3 per cent to £703,000 (£674,000) in the half year to December 2.

An unchanged interim dividend of 0.8p is payable from earnings of 6.24p (3.79p).

UK COMPANY NEWS

Enlarged Thos Robinson advances 39% to £25m

By Jane Fuller

THOMAS ROBINSON, the acquisitive engineering group which now comprises more than 50 subsidiaries, increased pre-tax profit by 39 per cent to just over £25m in 1989.

The advance came on sales up 47 per cent to £307.79m. While operating profit showed the same percentage growth, a £2.5m increase in interest payments to £5.28m shaved pre-tax progress.

In a year which saw a £38m one-for-three rights issue and a three-for-one scrip issue, fully diluted earnings per share rose by 20.5 per cent to 14.1p. Without the 1989 acquisitions, Mr Graham Rudd, chairman, said the subsidiaries' growth rate was 14 per cent.

The group's biggest division in 1989 was process engineering, which includes the manufacture of machines that will, for example, mill animal feed or bake biscuits.

With the Simon milling machine companies making their first full-year contribution, sales rose to £78.7m (£48.9m) and operating profit to £8.5m (£4.2m).

The fastest growing division was industrial consumables, which more than doubled both turnover and profit to £45.9m and £7.3m (£3.1m) respectively. Mr Rudd declared it was heading for sales of between £70m and £80m this year.

This division makes various fixings, such as screws and clips, out of plastic and metal. The two biggest subsidiaries are Unifix, bought in 1988, and European Industrial Services (formerly Nettlefold), purchased last year.

One of the company's boasts is that it is the world's largest source of woodworking equipment. Last year's 14 per cent divisional sales growth, to £55.5m, and 4 per cent profit growth, to £5.4m, was fed by a 50 per cent increase in exports. This helped to offset a slowdown in UK demand.

Mr Rudd warned that this division would show the slowest level of growth this year because the exports replacing UK custom tended to be at lower margins. The home side was vulnerable to the downturn in house building and furniture making.

The one division to show a cut in profit was contracting, down from £3.4m to £3m on sales up to £56.5m (£41.6m). This reflected pressure on the UK electrical contracting business in which the group had also been assimilating acquisitions.

Of the rights issue proceeds, £17m was spent on acquisitions and £10m on capital investment, leaving £11m to draw on for further buys. With borrowings at £25m – 35 per cent gearing – Mr Rudd said debt might be increased if "the right opportunity" came along.

The final dividend of 2.5p makes a total of 4p (3p).

● COMMENT

There is no shortage of old-fashioned entrepreneurial spirit at Robinson. Phrases that trip off Mr Rudd's tongue include: "We buy up competitors and then rationalise the product range," or "Simons used to have a tremendous order book, but at low margins – that's nearly out of the system." While the new video – with its catchphrase The Look of Leadership – seems a bit brash, the company cannot be faulted for its efforts to automate traditional activities, especially at a time of labour-cost pressure, and to cut overheads. But will it o'erleap itself on the acquisition front? On the plus side, 1990 may throw up enough bargains to keep it sated – and it may not be averse to the odd disposal to raise funds. But if it goes for a big one, gearing may well look less comfortable. With the share price closing up 3p at 98p, a 1990 profit forecast of around £34m (following further rationalisation benefits) gives a cheap-looking prospective p/e of less than 6.5.

Northern bias behind Raine's 10% rise to £11.25m

By Andrew Taylor, Construction Correspondent

THE BENEFITS of building houses in the north of England, rather than in the depressed south, was underlined for the second day in succession when Raine Industries yesterday announced that pre-tax profits had risen by 10 per cent to £11.25m in the six months to the end of December.

On Monday Persimmon, another housebuilder with a strong northern base, announced a similar percentage increase to £32.55m for the whole of 1989.

Housebuilding was expected to account for about 55 per cent of Raines's profits this year, according to Mr Peter Parkin, chief executive.

About 90 per cent of the house sales were in the Midlands, north of England and Scotland, where the market had remained much stronger than in the south.

Mr Parkin said the company sold roughly as many houses in the first six months as it did in the corresponding period last year, despite a rocky period in October and November. The average selling price was about 8 per cent higher.

House sales for the year would not be materially different from the 1,500 sold in the 12 months to the end June 1989, he added.

Hall & Tawse, the contracting business, had a record order book worth more than £320m and was continuing to pick up a steady stream of work in areas outside of central London, where the commercial property market had weakened considerably.

Raine's interior contracting business, expanded by the £26.3m acquisition last March of Plumb Holdings, offset a decline in shop fitting contracts by increased orders for particularly hotel and leisure work.

The half year profit compared with £6.53m and came from turnover ahead 19 per cent to £179.49m (£139.31m).

Earnings rose from 5.9p (5.5p) and the interim dividend goes up to 2p (1.5p).

● COMMENT

Raine must be a little weary of comparisons being made between it and Persimmon. The fact is that both companies have benefited from resilience of the housing market in the north of the country, particularly north of the River Trent. It will be interesting to see how larger national builders like Wimpey and Beazer have fared when they announce their results next week. For its part Raine is fairly confident that by the end of June it will have matched the previous years sales volume while average prices may rise to about £65,000, compared with £58,000 at the end of last June. Housing profits, therefore, should be higher. The contracting business, which has a very solid order book, is capable of producing about £8m compared with under £7m last time. Interiors should make some £4m with the first full year from Plumb likely to be unexciting. A full year profit of £29m, producing earnings of 15p, puts the group on a prospective p/e of 6.4 which looks a little cheap given that its profits, unlike some housebuilders, may increase this year.

Sullivan's assault on Bristol Post referred to MMC

By John Thornhill

MR NICHOLAS RIDLEY, the Secretary of State for Trade and Industry, has referred a proposal by Mr David Sullivan to buy a controlling interest in the Bristol Evening Post to the Monopolies and Mergers Commission.

Mr Sullivan, who is best known as the publisher of the Sunday Sport – the sensationalist tabloid that brought the world such headlines as "Second World War Bomber Found on Moon" – bought a 7.4 per cent shareholding in the Bristol Evening Post in January.

He said at the time that he intended to increase his holding as he believed that the Post's assets were undervalued.

The Post owns a string of regional newspapers as well as convenience stores and an investment property division.

Mr Sullivan had no comment to make yesterday on the referral and it is not known how far he intends to increase his stake. But under the Fair Trading Act of 1973, Mr Ridley is obliged to consider any proposal to buy more than 25 per cent of the Post.

The Act states that the Secretary of State must first clear any proposal that would give a prospective newspaper proprietor control of publications with a paid-for circulation of over 500,000 a day. In such circumstances, it is normal to send details of the proposed transfer to the MMC for itsconsideration.

Three journalists have been appointed to consider the proposal. They are Sir Alastair Burnet, the television news presenter, Mr Robert Kernohan, editor of Life and Work, and Mr Mark Kersen, managing director of the Wolverhampton Express and Star.

The commission will have to consider whether any transfer of control would be against the public interest. Among other issues, it will have to consider "the need for accurate presentation of news and free expression of opinion."

The commission is expected to make its report within two months.

David Sullivan: intending to increase his stake

Global spread helps Templeton to $63.8m

By Vanessa Houlder

TEMPLETON, GALBRAITH & Hansberger, the Bahamas-based fund management group, yesterday announced a 31 per cent increase in pre-tax profits to $63.79m (£38.6m) from $48.86m. Assets under management increased by 26 per cent to $17.5bn.

Turnover increased by 44 per cent to $156.6m after a 29 per cent increase in asset-based income and a 58 per cent increase in commission income which was viewed by the group as the first sign of positive sentiment by the investing public since the 1987 crash.

Distribution costs increased by 69 per cent with the largest component being commission expenses. Administrative expenses increased by 30 per cent after a $3m investment in new management systems.

Templeton said it intended to strengthen its global infrastructure and expand its services in new markets around the world.

In November it completed a $180m launch of the Luxembourg-based Templeton Worldwide Investment Trust. It moved further into the Far East market after raising an additional $450m in Japan through the launch of the Templeton Emerging Growth Stock Portfolio and the Templeton Asia Fund. It also completed its listing on the Singapore stock exchange.

In West Germany investors bought $90m of the Templeton Growth Fund. It plans to expand its Continental European product range this year with the Templeton Global Fund, a smaller companies fund, and the Templeton Income Fund being registered for sale in West Germany.

In Canada it expanded its product range with the introduction of the Templeton Heritage Fund, a global growth fund, the Templeton Heritage Retirement Fund and the Developing Growth Stock Fund. In the US three new mutual funds were introduced.

Earnings per share rose from 26.7 cents to 34.6 cents. A final dividend of 9 cents makes a total of 13 cents for the year.

● COMMENT

The success of Templeton's globe-trotting, number-crunching school of investment management may underly the impressive increase in its funds under management, but the glory has not reflected on its own share price. On a prospective p/e of 8.5, it is well below the sector's average even though it far outstrips the average growth. Put another way, the share price, up 7p to 210p, is lower than when it joined the market four years ago even though its funds under management have increased two-and-a-half times. In addition to the general unpopularity of the financial services sector, investors are deterred by the dollar risk, its tax-haven domicile, its restricted voting structure and the limited marketability of the shares. Nonetheless, the company's growth – and pre-tax profits of $77m are on the cards this year – offers a good reason to hold the shares. But, in keeping with the long-term approach favoured by Templeton, expectations of a speedy re-rating should be muted.

Ferranti expects further £100m from asset sales

By Hugo Dixon

FERRANTI International expects to receive over £100m from completing further asset sales by the end of this month, Mr Eugene Anderson, the electronics group's new chairman, said yesterday.

The money, which is needed to plug a hole in the company's balance sheet after the discovery of an alleged £215m fraud, will come in when Ferranti completes the sale of its Italian businesses to the UK's General Electric company and Italy's Finmeccanica, and when it finalises the sale of half its sonar business to Thomson-CSF, of France. Ferranti last week received £270m from GEC for its radar business.

Mr Anderson's comments were made following the company's egm, which approved the issue to shareholders of one special bonus share for every 10 shares held. The special shares will receive whatever damages Ferranti recoups as a result of litigation it has started in connection with the alleged fraud.

Yesterday's meeting also called off a £187m standby rights issue which Ferranti had originally planned in case it had been unable to raise sufficient cash from asset sales.

Saltire Insurance bid gets only 8.2% acceptances

By James Buxton, Scottish Correspondent

THE BID by East of Scotland Industrial Investments to take over Saltire Insurance Investments, a Scottish investment trust specialising in insurance shares, has failed.

The offer, which valued Saltire at £11.8m, obtained acceptances for only 8.2 per cent of the ordinary shares.

ESII, an unquoted investment company, launched the bid in January with the aim of absorbing Saltire and then relaunching the new vehicle as an investment trust. Its offer of 78.75p per share placed a premium to formula asset value of 5 per cent on Saltire and included a 93 per cent cash option.

The bulk of Saltire's shares are held by institutions and Mr Gordon Simpson, chairman of ESII, said two of them in particular had refused to accept. They were British Empire Investment Trust and Lombard Odier, an investment company, which together account for 51 per cent of the shares.

Mr Simpson said that the recent fall in insurance shares had contributed to their decision – "they are clearly hoping for some recovery," he said.

ESII said it had not acquired, or agreed to acquire, any shares in Saltire during the offer period, nor did it own any before the offer was launched. The offer has lapsed.

UK COMPANY NEWS

Acquisition pending in commercial division

Hays meets City forecasts

By Clare Pearson

HAYS, the business services group which joined the main market at a value of £398m last October, expects to announce soon an acquisition to build up the commercial, or office support, division of the business.

"I should be disappointed if we didn't announce an acquisition within the next couple of months," said Mr Ronnie Frost, chairman, yesterday.

But he emphasised that he was thinking only of a moderately-sized add-on purchase to bring the commercial division, which currently accounts for less than 20 per cent of operating profits, into line with the other two divisions, distribution and personnel.

Hays unveiled pre-tax profits broadly in line with market expectations at £27.3m, up from £24.1m, in the half-year to end-December.

They are stated as if the capital structure following the flotation had been in place since July 1988.

The advance was scored on turnover of £343m (£289.2m). Earnings per share moved up to 4.7p, compared with 4.1p. A net dividend of 1.15p, against a notional 1p, is declared.

On the impact of deteriorating UK economic conditions on Hays' activities, Mr Frost said he believed its broad base of service-orientated businesses would enable it to perform "creditably in these more difficult times".

Depressed prices for small companies were also making acquisition opportunities more interesting.

By activity, the distribution division lifted operating profits to £13.5m (£11.2m). A number of new contracts were won, including home delivery of furniture for Marks & Spencer's customers.

Personnel lifted operating profits to £10.3m (£8.8m), but Hays warned it was experiencing pressure on margins as customers were taking on fewer permanent staff. Accountancy Personnel was less affected than Montrose, the construction and building industry staff specialist.

The commercial division made £5.4m (£4.5m). Britdoc, the business mail service, was experiencing slower growth ascribed to less conveyancing work being carried on by solicitors. Data Express, the overnight parcels business, was also suffering from difficult market conditions. A three-year contract to store data for Shell was renewed after being put out to contract.

● **COMMENT**

With BET having recently made the big acquisition of Hestair, and Godfrey Davis having only last week abandoned plans virtually to double its size with the purchase of Sketchley, Hays' attractions as a safe, steady-looking member of the services sector are now more than ever in evidence. These figures show it delivering all that was expected of it at flotation. Mr Frost's claims at that time that Hays had defensive attractions in times of economic downturn certainly do not now look fanciful given, for instance, the distribution contracts that have emerged in the last six months. The company floated, with highly unfortunate timing, in the midst of the mini-crash last October. Investors who participated in its exceedingly undersubscribed offer for sale have since seen the shares, floated at 105p, a good 13p higher than yesterday's close of 108p. On a prospective p/e – assuming Hays makes about £58m pre-tax profits this year – of just under 11 they look a safe hold.

Greggs improves to £6.89m in spite of hot weather

By Clay Harris, Consumer Industries Editor

GREGGS, the Newcastle-based retail baker, increased pre-tax profits by 11 per cent to £6.89m in 1989, in spite of the depressing effect of the hot summer on the British appetite for cream cakes and savoury pies.

Midsummer conditions were so uncomfortable that Greggs yesterday thanked employees who might not have been able to stand the heat, but stayed in bakeries and shops anyway. Staff share 10 per cent of the company's profits.

Cream cakes are still on Greggs' mind for a different reason. Mr Mike Darrington, managing director, estimated that Greggs would have to spend from £500,000 to £3m over 18 months if proposed food safety regulations reducing the storage temperatures of cream-filled products were implemented.

Greggs argues that proposals for storage at 3 to 5 degrees centigrade would ruin the taste of cream products and are unnecessary in its case since all cakes not sold at the end of the day are discarded. If new regulations came into force, Greggs would have to replace or modify refrigeration equipment in all of its shops and change its distribution system.

Pre-tax profits in the latest 52 weeks, up from £6.21m in a 53-week 1988, included £710,000 in interest income and £172,000 in property profits. Turnover rose by 8.3 per cent to £76.7m (£70.8m). Earnings per share of 39.8p were 11 per cent above the previous year's reported 35.9p, which included an exceptional credit. A final dividend of 8p will raise the total to 12p (10.125p).

Greggs plans to invest more than £8m this year, up from £6.95m in 1989, financing the entire programme from cash flow. It does not intend to add another major bakery until 1991. The last acquisition, in north London, halved its losses in 1989 and is expected to break even this year.

The group expects to add up to 40 new shops to raise the total to nearly 450. It has paid £310,000 for 10 shops in Birmingham, and opened six others. Mr Malcolm Simpson, finance director, said net cash was likely to decline to £4m (£6.48m) by end-1990 because two years' tax bills would fall due.

● **COMMENT**

Greggs always talks about the weather because its results are otherwise are so boringly good. Gales have not helped so far this year: customers do not buy double their purchases of cream buns tomorrow if high winds keep them inside today. In any case, improvement is likely to be more dramatic in the second half than in the first. Assuming pre-tax profits of £7.8m, the prospective p/e is 10.

Blagden ahead to £11.5m but sounds caution on current year

By Clare Pearson

BLAGDEN Industries, the packaging, chemicals and industrial equipment group, achieved an 11 per cent rise from £10.36m to £11.46m in pre-tax profits for the year to end-December. Turnover was £193.67m, against £161.52m.

However, earnings per share declined from 18p to 17.6p. This was attributed to the time-lag between capital investment and revenue generated from it, together with deteriorating economic conditions in the UK.

Additionally, there were more shares in issue during the period owing to a rights issue in August 1988.

Mr John Gillum, who is to step down as chairman at the annual meeting in April to make way for Mr Tec Wilkinson, currently chief executive, described the fall in earnings as "disappointing."

He also sounded a cautious note on the outlook for the current year. "Any slackness in demand for the products of our drum customers in the chemical and oil industries is bound to affect us," he said.

Nevertheless, better demand in Continental Europe and a first time contribution from a new resin plant in Scotland were factors leading Blagden to hope for a resumption in earnings growth in 1990.

The final dividend is lifted to 4.9p, making 9.1p (8.4p).

The commissioning of the new £8m formaldehyde resin plant at Cowie, Scotland, which is to be used by a neighbouring factory to manufacture fibreboard and chipboard, was also announced by Blagden yesterday.

Net gearing stood at 33 per cent at the year-end, against virtually nil at the beginning of the year, reflecting expenditure particularly on the new plant and the acquisition of five small businesses to enhance Blagden's packaging interests.

These were made at an aggregate cost of £4.4m and should contribute annualised turnover of £27m, of which £23m was included in these figures.

● **COMMENT**

One can understand why Mr Gillum should be cautious. But he could probably have afforded to be slightly less downbeat in yesterday's statement than he was, since Blagden's case is no worse than that of many other companies – better, in so far as some 75 per cent of its packaging operating profits are earned overseas. Best known for its steel drums and burdened with a dreary-sounding name, the company is hardly glamorous; but there are some people who are persuaded the actuality of Blagden is a good deal better than its image. Its record is strong and it has two good things going for it at the moment: first, the environmentally-friendly qualities of the reconditionable steel drum, and, secondly, the big scope for import substitution in the UK chipboard market, at which the new Scottish plant is addressed. Assuming it makes £13m pre-tax this year, the prospective p/e is just under 9 – perfectly reasonable, especially as the shares yield appreciably more than the market as a whole.

Smurfit expands in Italy

By Maggie Urry

JEFFERSON SMURFIT, the Dublin-based international paper and packaging group, has acquired Euronda, an Italian corrugated box and sheet maker.

Euronda's operating assets are I£5.5m (£5.22m) and turnover in 1989 amounted to I£13m.

Cost of the acquisition was not disclosed.

The purchase will add 22,000 tonnes a year to Smurfit's Italian corrugated production, taking it to 130,000 annually, and giving it a 6 per cent share of the market and yearly turnover of I£80m.

The move is part of Smurfit's strategy to build in Italy, where it first bought a business in 1986, and in the rest of Europe.

Pacer Systems back in the black

Pacer Systems, the US electronics group traded on the USM, returned to profitability in 1989 with net taxed earnings from continuing operations of $706,000 (£430,000).

In 1988 there was a profit of $659,000, but that was offset by a net loss from discontinued operations of $1.38m.

Mr Jack Rennie, chairman, said the company again proved its ability to succeed in the market place by winning all the major competitive contracts for which it bid over the past year.

Revenue shaded from $26m to $25.1m; net earnings were 14 cents per share (14 cents loss). There is a second half-yearly dividend of 3 cents making a total of 6 cents, an increase of 9 per cent over 1988.

UK COMPANY NEWS

Wates City shows 13% increase in asset value

By Paul Cheeseright, Property Correspondent

WATES CITY of London Properties, the only British property group to hold all its assets in the City, last year produced a 13 per cent increase in its net asset value. This came against the background of deepening uncertainty about the immediate future of the City office market.

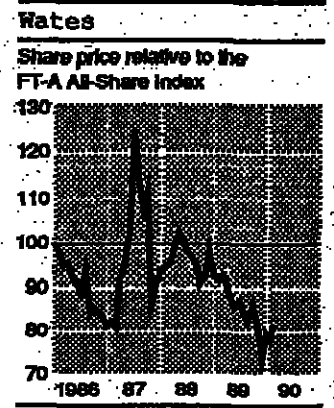
Net assets per share were 300.2p, compared with 264.8p at the end of 1988. This outcome was at the higher end of City predictions but did not prevent a 3p fall in the share price to 172p, as Wates went down with the rest of the property sector.

Pre-tax profits for 1989 were £10.22m, against £30.23m in total, or £10.02m once a single property sale was stripped out. Earnings per share were 7.16p (16.81p).

The final dividend is 2.62p, bringing the total to 3.39p (3.08p).

Wates is the most specialist of the UK property development and investment companies and over recent months has been operating in a market where the supply of space has been increasing. However, it is not new but secondhand space which has been tending to overhang the market. Gloom about the state of the City market has held down the Wates share price.

The company itself has continued plugging away with its development programme on the basis that it is not properties in the centre of the City which will be affected by a downturn but those on the fringe.



Indeed, recent acquisitions, as well as increased revenue following rent reviews, boosted the net rental income of Wates during 1989 to £15.11m against £11.67m in 1988.

In the current year Wates will continue with its redevelopment of Vintry House on the north side of the Thames and, subject to revision of planning permission, should start another redevelopment on Cheapside. But it also has planning permission for a major project at Winchester House and has reduced its own development risk by entering a joint venture with Kowa Real Investment of Japan for a further redevelopment on Basinghall Street.

J Dundas Hamilton, chairman of Wates City of London

Wates is modestly geared. It said yesterday that net indebtedness of £78.7m amounted to 21.5 per cent of equity. Nearly £60m of the debt is on fixed rates, averaging 8.4 per cent, and the rest is at variable rates.

See Lex

Watmoughs up 49% and cements Christies link

WATMOUGHS (Holdings), the printing group, announced record profits for 1989 with a 49 per cent advance at the pre-tax level.

It also announced it was cementing its long trading association with Christies International by acquiring a one third interest in the latters's printing subsidiary, White Bros (Printers), for £2.97m in shares.

Group turnover rose to £86.34m (£59.86m) and the profit to £10.16m (£6.8m), after interest charges of £1.08m (£364,000).

Mr Patrick Walker, chairman, said excellent growth was achieved from the specialist markets, particularly colour supplements, high quality periodicals, security and fine art printing.

The acquisition of Varnicoat added £12.5m to sales and £1.15m to profit over nine months.

In the current year the group had gained a number of important and prestigious contracts, including Cosmopolitan magazine from National Magazines, which had been printed in West Germany since its launch 17 years ago.

"Despite current pressures on the economy and aggressive competition in the industry we believe that 1990 will be another year of opportunity and growth", Mr Walker said.

Earnings surged to 36.65p (26.72p), the dividend is raised to 10.25p (8.5p) with a final of 7.75p, and there is a one-for-five scrip issue.

Referring to White, he said its principal market was the printing of high quality catalogues for Christies' worldwide auction sale rooms. "We shall enjoy the benefits of this growing market which will be secured by a five-year commercial contract between White and Christies."

For some time Watmoughs had held 1.5 per cent of Christies equity. Estimated profits of White and its subsidiary for 1989 were £1.4m and combined net assets totalled £4.5m.

Competition checks Intereurope

The market place remained very competitive for Intereurope Technology Services, said Mr David Immanuel, chairman.

Pre-tax profit for the six months to December 31 rose 5.6 per cent, from £604,000 to £638,000. Turnover showed little change at £6.23m, and trading profit fell to £492,000 (£532,000). However, with investment income doubled to £146,000 and the tax charge again 35 per cent, earnings moved up to 7.95p (7.56p) and the interim is held at 2p.

Water industry demand helps Victaulic improve to £8.8m

By John Thornhill

VICTAULIC, the pipe and fittings manufacturer, raised pre-tax profits for 1989 by 16 per cent to £8.78m as it benefited from the growth of infrastructure projects in the water industry.

Turnover was 25 per cent up at £78.33m (£62.89m) although almost a third of this advance resulted from the acquisition of Helden Couplings, the Dutch business it acquired in December 1988.

Mr David Stewart, managing director, said the Viking Johnson business had experienced strong demand for its products from the water industry and was the major contributor to profits.

Growth at Stewarts & Lloyds Plastics was less strong and the company reported reduced demand in the gas, pipe and fittings market during the second half of the year.

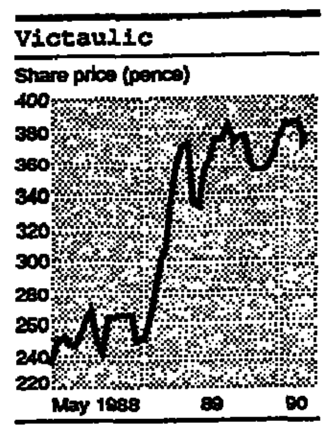
Helden Couplings traded strongly in the West German gas market and its contribution helped Victaulic increase group sales outside the UK to £12m.

Capital expenditure during the year rose from £3.5m to £5.7m, although gearing at the year end was restrained to 10 per cent.

Mr Stewart said he saw scope for further expansion in the water industry in the UK as a result of the large projected infrastructure spending. He added, however, that it was too early to evaluate the full extent of these plans and the increase was likely to be gradual.

Victaulic is actively looking for acquisitions to strengthen its manufacturing and marketing presence in Europe.

A final dividend of 6.5p is proposed, making a total of 9.75p (8.5p), an increase of 15 per cent. Earnings per share expanded 14 per cent to 28.8p (25.2p).



● COMMENT

Victaulic's business in the gas industry has come under pressure as British Gas has wised up to the fat margins that were being made on its business and has encouraged greater competition. Victaulic has another three year contract with British Gas but the easy days are now over and this business is at reduced margin levels. Never mind, says the company, and points to its increasing market presence in the fast-expanding water industry. Mind-boggling numbers for the amount of money to be spent on infrastructure projects have been floating about and Victaulic does indeed seem to be as well-placed as anyone to benefit from this spending spree. Margins will probably not be as high as the gas industry traditionally offered but increased volumes will be there. The company's virtually clean balance sheet and a market appetite for its shares will also enable it to fund further acquisitive growth; an acquisition of up to £20m could be in prospect. Pre-tax profits may advance to over £10m putting Victaulic on a prospective multiple of 11.5. The company's long-term growth prospects are no secret as its rating reveals but its shares are still worth tucking away when the opportunities arise.

Interest charges hold Invergordon to £14.7m

By James Buxton, Scottish Correspondent

INVERGORDON Distillers, the whisky company which intends soon to seek a Stock Exchange listing, last year recorded a 45 per cent increase in turnover. But although pre-tax profits increased sharply to £14.7m, they were held back by an elevenfold increase in interest payments.

The Edinburgh-based company, formerly a quoted partially-owned subsidiary of Hawker Siddeley, was the subject of a £93.6m management buy-out late in 1988.

Invergordon's turnover rose from £52.3m in the year to December 31 1988 to £76.2m last year. Operating profit more than doubled from £11.2m to £25.3m.

But a jump in interest charges from £970,000 in 1988 to £10.6m in 1989 meant that pre-tax profits rose by only 44 per cent from £10.2m to £14.7m.

Dr Chris Greig, managing director, said that because of what he called record figures the company would seek a listing for Invergordon's shares "in the next few months."

The current year had started well and this year's results were expected to show an improvement on 1989. He expected demand for both grain and malt fillings to remain strong during 1990.

Interlink makes modest advance to £3.58m

INTERLINK EXPRESS, the USM-quoted parcel delivery and collection group, lifted pre-tax profits from £3.42m to £3.58m in the six months to end-December.

During the period, the group handled an average of 16,100 consignments per night in the UK, against 12,800 in the corresponding six months of the previous year which included two weeks of large volumes due to the Post Office workers' strike.

The Irish operation is expected to make a small contribution to full year trading profits.

Turnover amounted to £23.48m (£19.24m). Earnings per 5p share were 14.28p (13.67p) and the interim dividend is raised 0.375p to 4.125p.

Costs of Interlink's withdrawal from West Germany were taken below the line as an extraordinary charge of £4.2m.

SHARE STAKES

The following changes in share stakes have recently been announced.

Apricot Computers: Singer & Friedlander and its subsidiaries hold 17.28m ordinary (18.59 per cent). Portfolios of investment customers of Singer & Friedlander hold 18,700 (0.02 per cent).

BAT Industries has bought for cancellation 10m ordinary at 810p each and 5m at 807p per share.

BPP Holdings: Sun Alliance Investment Management has raised holding to 1.1m ordinary (5.6 per cent).

Bridport-Gundry: New Throgmorton Trust (1983) has acquired 700,000 ordinary (7 per cent).

BSG International: IEP Securities is the beneficial holder of 34.71m (17.1 per cent).

Burmah Oil: Danae Investment Trust now has 40,000 6 per cent cumulative second preference shares (5.83 per cent).

Cosalt: Royal Life Insurance Group has taken total holding to 1.98m (17.94 per cent) with purchase of 160,000 ordinary.

Crossroads Oil Group: Cardinal Holding has reduced its holding to 2.92m shares.

Crown Communications Group: Paul Ellis, director, has sold 10,000 ordinary at 250p each and 60,000 at 247.5p cutting holding to 1.41m (5.4 per cent).

Delta: Prudential Corporation has acquired 703,000 shares and now holds 12.16m (8.27 per cent).

Dencora : Mills Reeve Jersey Trustees is now the beneficial owner of 2.72m ordinary (16.14 per cent).

Dinkie Heel : MJ Stowey has acquired 50,000 shares at 24¼p and 25p bringing total holding to 1.15m (9.79 per cent).

Egerton Trust: Schroder Investment Management now holds total of 2.96m ordinary (7.17 per cent).

Epicure : On February 21 Mr Hakan Hammarqvist, the chairman, disposed of 590,000 shares at a price equivalent to 30p per share reducing his beneficial holding to 5.76m (7.15 per cent). The shares were acquired by an existing Swedish institutional shareholder.

European Project Investment Trust: Funds and accounts managed by companies within the Royal Bank of Canada Group own 1.5m shares (5 per cent).

Five Oaks Investments: The company has bought for cancellation 145,000 shares at 50p each, to leave 46.97m ordinary in issue.

Gartmore Emerging Pacific : Gartmore Investment Management has an aggregate interest in 5.27m ordinary (8.31 per cent).

GPG : Bishopsgate Investment Trust has taken holding of voting shares to 57.18m (17.6 per cent) following acquisition of 706,000 ordinary. The beneficial owner of the shares is Pergamon Holdings.

Great Universal Stores: Company has bought in 50,000 non-voting ordinary at 1000p each.

Hambros : Parent company of Baltica Group, Baltica Holding A/S owns 14.8m Hambros shares (9.11 per cent), Baltica Insurance Group owns 8m shares (4.92 per cent). Baltica's total holding is thus 14.03 per cent.

Hartons: Suter has increased its interest to 8.1m ordinary (11.1 per cent).

Invicta Sound: Southern Radio Holdings has bought 70,000 ordinary to take total holding to 2.35m (27.1 per cent).

Lawtex: United Overseas has bought 25,000 shares bringing the total holding to 770,000 (19.03 per cent).

Leigh Interests: Maag Finanz AG, Zurich has increased its holding to 2.42m ordinary (6.72 per cent).

Life Sciences International: Midland Bank has acquired a further 3,484 shares bringing total holding to 9.1m shares (8.34 per cent).

NSM: Robert Fleming Holdings has acquired 9.09m (5.25 per cent).

Pendragon: Barclays Bank has reduced its holding to 1.99m ordinary (9.98 per cent).

Phoenix Timber: Mercurius SA has acquired 100,000 ordinary bringing its total holding of voting shares to 2.24m (15.5 per cent).

COMMODITIES AND AGRICULTURE

London coffee prices surge to 5-month highs

By David Blackwell

COFFEE PRICES in London surged through resistance levels yesterday in the wake of the recent rise in New York.

The May robusta contract on the London Futures and Options Exchange broke through £700 a tonne to close at £729 a tonne – a rise of £33 on the day and the highest closing level since early October last year.

In the more speculative New York market overnight arabica futures closed near 8-month highs with rises of nearly 5 cents a lb. By midsession yesterday New York prices were slightly ahead after wiping out morning losses.

Concern about supplies of arabica coffee have accumulated over recent weeks, and have been especially fuelled by last week's news that Mexico may need to import up to 500,000 bags (60 kg each) this year to keep its decaffeinated coffee plants running.

London has its own supply fears following the unrest in the Ivory Coast, the biggest producer of robusta coffees after Brazil and Indonesia. *President Houphouet-Boigny* has sent troops into Abidjan, the capital, to quell anti-government protests. However, there has not been any news of coffee shipment delays.

"Every piece of bullish information has been seized on," said one analyst yesterday. "Things that people were ignoring two months ago now seem important."

In addition, some observers, believe the momentum towards re-establishing a coffee agreement is beginning to gather following last week's meeting of "other milds" producers in Guatemala. However, *this week's International Coffee* Organisation executive board meeting is expected to have little market impact.

Sluggish oil demand forecast

By Steven Butler

THE INTERNATIONAL Energy Agency yesterday lowered estimates for oil consumption in the fourth quarter of last year and projected sluggish growth for first quarter of this year.

Although the IEA said there were indications of strong growth in consumption in Europe and Japan in January, the US may have experienced a significant decline.

Oil consumption was expected to increase by about 1 per cent, or 300,000 barrels a day, in the industrialised countries in the first quarter, and by a similar proportion for the full year.

The IEA data imply an unusual build-up in stocks in the first quarter of the year, of about 200,000 b/d, on current estimates, although this may do nothing more than compensate for the large draw-down in December.

There are signs of potential weakness in the market however. Independent storage facilities in Rotterdam are said to be full, while some members of the Organisation of Petroleum Exporting Countries appear to have difficulty selling their crude oil. Kuwait has begun offering discounts, while Saudi Arabia is reported to have lowered sales prices for its light crude to the Far East by 20 cents a barrel relative to spot prices for Oman and Dubai crude.

Mr Phillip Morgan, an analyst at Laing and Cruickshank, said this type of price adjustment could lead to more broadly weakened prices as buyers switched to cheaper crudes.

"The market is very carefully poised," he said. "I'm fairly convinced that there is too much oil around at the moment."

He said, however, that expectations of firm prices later in the year would probably limit the extent of any price decline.

The IEA also lowered its estimate of January world oil supply outside of the communist countries, and said that February output rose 200,000 b/d to 53.9m b/d. Venezuelan output rose to 2m b/d in February. Iranian production recovered by 300,000 b/d to 2.9m b/d while Iraqi production fell by a similar amount to 2.8m b/d. Opec production as a whole was at 23.2m b/d, dashing any expectations that output would fall closer to Opec's 22m b/d production ceiling.

Net exports from the communist countries were only 1.7m b/d, compared to 2.1m b/d for all of last year. The IEA said this reflected higher imports of non-Soviet crude oil and reduced product imports.

The Soviet Union has cut crude oil sales to Eastern European countries so far this year. However the IEA said that Soviet exports to the industrialised countries were being maintained.

The IEA projects that world oil consumption outside the communist countries this year will rise by two per cent to 52.9m b/d, an increase of 900,000 b/d.

Norway to offer 52 offshore blocks

By Karen Fossli in Oslo

NORWAY, WESTERN Europe's second biggest oil producer after Britain, yesterday detailed plans for allocation of 52 offshore blocks in the country's 13th licensing round, the biggest since 1965, when 78 blocks were offered.

Awards for acreage will be made at the turn of the year, but oil companies must submit applications by September 14.

Norway has high hopes that acreage from this round will yield new oil discoveries which can be brought on stream by the next century to make up for a precipitous decline in oil production from existing wells.

The Oil and Energy Ministry is offering 22 blocks in the mature North Sea province from where Norway's 1.57m barrels a day oil production comes.

Special emphasis was placed on identifying blocks in close proximity to existing production infrastructure where capacity will soon become available. This will enable new oil discoveries to be cost-effectively tied in, by pipelines, to this existing capacity.

In addition, five blocks off mid-Norway, in the relatively new Haltenbank oil province, are included in the round. The Ministry says that acreage being offered here is prospective enough to add to existing oil and gas reserves.

The first oil discovery in the Haltenbank area, Draugen, is currently being developed by Norske Shell and is scheduled to come on stream in 1993.

The Ministry explained that in the icy climes of the Barents Sea – where four years of exploration has yet to yield a discovery – the 13th round is offering 25 blocks to help test new provinces and step up the pace of exploration activity.

However, Norway's fishermen, who have been hit hard by declining stocks are less than enthusiastic about the oil industry moving in a big way into the Barents Sea. They claim that the limited Barents Sea oil exploration is one explanation for the disappearance of their once-abundant fish resources.

Dutch protest at cereal price cuts

By Tim Dickson in Brussels

DUTCH FARMERS displayed their anger at falling cereal prices yesterday by blockading two small airports in the Netherlands and mounting a demonstration outside the Council of Ministers building in Brussels.

The protest may have been tame in comparison with some of the great European Community farmers' rallies of recent years but it still posed an embarrassing political problem for Mr Gerrit Braks, the Dutch Minister of Agriculture.

Along with Mr John Gummer, Britain's Minister of Agriculture, Mr Braks is the most enthusiastic supporter of the so-called budget stabiliser package introduced in February 1988. But now he has found himself under strong pressure from a small but vocal minority of his own country's farmers to ease the pain of another automatic 3 per cent price cut in the cereals sector under the terms of that package.

In the Netherlands cereal output accounts for less than 2 per cent of overall agricultural production and just 10 per cent of land utilisation – but those farmers who depend on this crop for their livelihood tend to be in the northern part of the country, in areas such as Groningen, where the soil is not so suitable for alternative products. Farmers' representatives claimed yesterday that prices have dropped 30 per cent in the last six years.

Given the commitment of the European Commission and most member states to hold the line on budget stabilisers the protesters' main demands – a return to 1988-89 price levels and removal of the basic and additional co-responsibility levies – are clearly unrealistic. But Mr Braks has at least been forced to offer a national aid scheme which could be worth up Fl4,000 (£1,250) per hectare per year and is understood to have urged Mr Raymond MacSharry, the EC's Farm Commissioner, to consider cutting the payment delay on sales into Community "intervention" stores, which reduce the effective value of the sales.

Dutch fears were only some of the many concerns expressed yesterday, as Farm Ministers engaged in a series of confidential bilateral discussions with the Irish Presidency of the EC. These talks, which will continue this morning, are aimed at helping Mr Michael O'Kennedy, the Irish Agriculture Minister, and Mr MacSharry in the preparation of a compromise paper for what everyone hopes will be a conclusive price discussion in the Council on March 26.

Sweden tends its man-made forests

Robert Taylor on a conservationist approach to timber production

SWEDEN IS the only major timber-producing country in the world except for Finland that is planting more trees than it is cutting down. This is no accident but the result of a far-sighted national strategy that has existed since the last century and was first enshrined in a law of 1903 stipulating that for every tree felled more than one had to be planted within three years.

The country's timber supply has doubled in the past century so that today an estimated 58 per cent of the entire land surface of Sweden is covered with woodland.

"This is a unique policy and goes against the world trend," says Mr Jan Remröd, director of the Association of Forest Industries. Sweden's trees – mainly spruce and pine – are not only a crucial source of revenue but a cherished part of the national heritage.

"Most people simply don't realise that our forests are not an act of nature but man-made," says Mr Remröd. In the middle of the 19th century much of central and southern Sweden was a harsh, inhospitable landscape virtually barren of trees. There was growing public concern at that time about the ravaging effects on existing woodland from iron ore mining as well as the use of wasteful agricultural techniques . As a result governments sought to preserve and expand the area of cultivated woodland as a matter of state policy.

Mr Remröd explains; "The conceptual core of Swedish forestry conservation has been to restore natural productive capital to all the country's woodland. If cutting keeps pace with forest growth and all harvested lots are reforested, the forest becomes a steady-state resource that is never really consumed." He says Sweden treats its trees like a bank, and not a mine as in Canada.

Over the 1990s the country is planning an annual cut of 75m cubic metres of trees, which is far below the required replenishment rate of 100m cubic metres. Mr Remröd stresses that the Swedish forestry industry has been committed for a long time to the maintenance of a balance between production capacity and the availability of wood.

In recent years there has, however, been an important shift in attitudes in the forestry industry towards tree conservation. During the 1960s and 1970s economic difficulties forced companies to rationalise and launch larger-scale operations in order to keep down felling and silvicultural costs to a competitive level. "Forestry as a trade survived the crisis but the ecology suffered," says Mr Remröd.

It was not just a growing wave of concern from the burgeoning Green movement that brought a reversal of that trend. Many experts in the industry also came to the conclusion that silviculture needed to be given a much more higher priority if Sweden intended to conserve and look after its forest assets in a scientific way. "We have gone back to basic biology," says Mr Remröd.

Mr Remröd describes what has been happening recently as a "renaissance for forestry know-how."

"The new wave is known as 'site-adapted forestry,' the implication being that the routines adopted for technical reasons give way to a more modulated forestry which is adapted to the varying biological requirements of the soils," explains the Swedish Pulp and Paper Association.

In the past research on the influence of forestry on the natural environment suffered from neglect but in Sweden this is now becoming integrated with other forestry sector research so that conservation is no longer treated as a mere afterthought.

As the Forestry Employers' Association admits; "The climate of debate has improved and in due course forestry has come to realise that conservationists and environmentalists are not simply troublesome demonstrators and ignorant debaters. Behind the criticism of forestry are a great many people who are sincerely concerned about what is happening and who are knowledgeable and keenly interested in the forests and countryside."

"At heart the forester is a cultivator," insists Mr Remröd. "Forestry workers are creative people and after a harvest they want to see something new grow up again."

Half of Sweden's forest is made up of 250,000 privately owned individual lots. A further quarter is owned by the forest product companies, led by the big three – Stora, MoDo and SCA – and the rest is in the hands of the state, the established Lutheran Church and local councils. Many forest owners work together through co-operatives in the harvesting of their trees or use the services of the big companies to cultivate their woodland. In the past few years Sweden has seen the rapid development of much greater co-operation between foresters and conservation societies, botanists, field biologists and ornithologists.

There is growing concern at the future effects on the fertility of Sweden's forest land of atmospheric pollution, mainly caused by the industrial discharges drifting over from the other side of the Baltic or from western Europe.

Until now Sweden has not suffered any of the devastation to be seen in the forests of Germany and Czechoslovakia but Mr Remröd believes there are no grounds for complacency. He thinks that it will take many years for the consequences of environmental pollution to be felt in Sweden's forests but it will be very surprising if the country escapes completely unscathed.

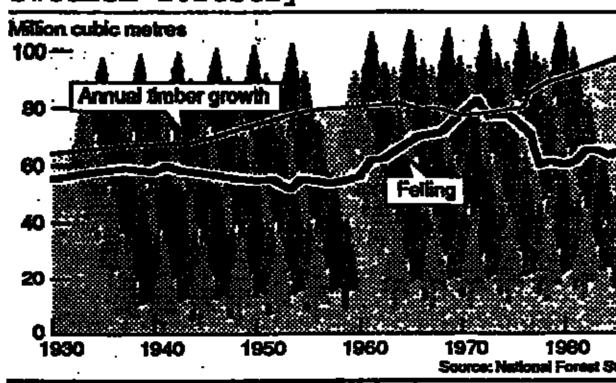
In the meantime Sweden has a cost problem, since its wood is among the most expensive in the world. Its harsh climate means a short growing season and the transportation costs from the far north up to the Arctic Circle are considerable. The planned harvesting of the country's trees does not come cheaply either.

But it seems to be a price that Swedes are prepared to pay. In the most of the rest of the world forests and forest resources are dwindling rapidly but the Swedish industry is better prepared to meet continuing future growth in demand.

As Mr Remröd argues, one has to understand that Sweden's roots are in its forests. "The woodland plays an important role in our leisure activity, our culture and our collective souls," he explains. "Hunting, fishing, picking mushrooms and our unique right of common access makes us an especially forest-conscious people,"

As in so many other areas of life the Swedes blend self-interest and emotion in their love affair with trees.

Swedish forestry



Source: National Forest Survey

Moroccan fishing fines

By Francis Ghiles

MOROCCO HAS increased tenfold the fines it imposes on foreign vessels fishing in its territorial waters. The decision was prompted by an increasing number of violations of regulations under an agreement reached last year with the European Community. The fines now range from $625,000 to $1m depending on the offence and size of the vessel.

The estimated 700 Spanish vessels which fish off Morocco's Atlantic and Mediterranean shores will bear the brunt and fishermen in southern Spain have protested by blocking the ports of Almeria, Algeciras and Huelva.

Vessels from countries such as the Soviet Union, South Korea and Japan, which fish off Morocco's southern Atlantic shores are less likely to be affected as they are much larger and their activities much more difficult to check.

Morocco's total fish catch increased by 75 per cent between 1980 and 1988 to 550,000 tonnes. Over the same period,the value of exports multiplied eightfold to $260m.

WEEKLY METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,750-1,800 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 4.00-4.25 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 4.40-4.70 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 8.10-8.30 (same).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 225-240 (225-235).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.95-3.02 (2.73-2.78).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 5.50-6.10 (same).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO, cif, 39-57 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb VO, cif, 3.00-3.10 (2.45-2.55).

URANIUM: Nuexco exchange value, $ per lb, UO, 9.00 (same).

WORLD COMMODITIES PRICES

MARKET REPORT

LEAD prices continued last week's strong advance on the LME, mainly on the back of the tightness of nearby supplies. The premium for cash metal over three-month widened to £129.50 a tonne. News that Asarco, the US producer, had raised its price by 4 cents to 48 cents a lb came as no surprise given the recent strength of the market. Copper prices were steady in London, and easing by midsession on Comex. London traders said the market continued to find support from technical factors and fairly sound fundamentals although some major players could be getting rather nervous around current relatively high prices and be tempted to take profits. Copper prices have run-up by some £260 and $500 a tonne from the 18-month lows established after a wave of heavy speculative selling which followed weakness in world equity markets. Nickel prices, which retreated on Monday following liquidation, were firmer as fresh speculation emerged after reports of some European and US offtake. London cocoa took an upward lead from New York. "Concern over the threat to supply posed by political unrest in the Ivory Coast is still supporting the market..," one London trader said.

Compiled from Reuter

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.25-6.30	
Brent Blend	$19.35-9.40z	+0.25
W.T.I. (1 pm est)	$21.35-1.40z	-0.50
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$216-218	+2
Gas Oil	170-171	+2
Heavy Fuel Oil	$87-89	-1
Naphtha	$177-178	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$404.75	+1.50
Silver (per troy oz)♣	514.00c	+1.00
Platinum (per troy oz)	$510.50	+3.55
Palladium (per troy oz)	$131.75	+0.45
Aluminium (free market)	$1545	
Copper (US Producer)	$118\frac{5}{8}$-124	
Lead (US Producer)	$44\frac{1}{2}$c	
Nickel (free market)	405c	
Tin (Kuala Lumpur market)	17.01r	+0.27
Tin (New York)	297c	+4
Zinc (US Prime Western)	$70\frac{1}{4}$c	
Cattle (live weight)†	110.10p	*
Sheep (dead weight)†	218.25p	*
Pigs (live weight)†	98.08p	*
London daily sugar (raw)	$360.0x	+9.4
London daily sugar (white)	$431.5x	+5.5
Tate and Lyle export price	£333.0	+4.5
Barley (English feed)	£109.5	-3.5
Maize (US No. 3 yellow)	£127	
Wheat (US Dark Northern)	£131	
Rubber (Apr)♥	58.70p	-1.00
Rubber (May)♥	56.75p	
Rubber (KL RSS No 1 Mar)	231.5m	
Coconut oil (Philippines)§	$400.0t	+10.0
Palm Oil (Malaysian)§	$282.5w	+2.5
Copra (Philippines)§	$260.0	+8.75
Soyabeans (US)	£163	
Cotton "A" index	79.60c	+1.80
Woollops (64s Super)	583p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Feb/Mar. t-Mar/Apr. v-Jan/Mar. w-Mar. z-Apr. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	329.20	329.60	332.40 328.40
Aug	327.00	328.60	331.40 327.00
Oct	318.60	320.00	321.00 318.00
Mar	299.40	296.60	300.00 296.40
White	**Close**	**Previous**	**High/Low**
May	427.5	428.2	429.0 423.0
Aug	427.0	427.2	428.0 425.0
Oct	397.5	398.2	398.0 394.5
Dec	382.0		383.0 379.5
Mar	377.0	379.2	377.5 376.0
May	378.0		378.0 374.0
Aug	378.0		378.4 378.4

Turnover: Raw 6864 (3432) lots of 50 tonnes. White 1423 (863)
Paris- White (FFr per tonne): May 2483, Aug 2465, Oct 2310, Dec 2225, Mar 2210, May 2215.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Apr	19.35	19.38	19.48 19.33
May	19.33	19.35	19.47 19.31
Jun	19.29		19.41 19.27
IPE Index	19.29	19.27	

Turnover: 9070 (6859)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Mar	170.00	168.75	171.50 169.00
Apr	165.50	164.75	167.50 165.00
May	164.00	162.75	165.00 163.25
Jun	162.50	162.00	163.25 162.00
Jul	163.50	162.00	163.75 163.50
Aug	165.50	163.75	165.75 165.00

Turnover 7001 (5856)lots of 100 tonnes

JUTE
March/April c and f Dundee BTC $660, BWC $610, BTD $565, BWD $565; c and f Antwerp BTC $570, BWC $575, BTD $540, BWD $530.
COTTON
Manchester- Spot and shipment sales for the week ended March 2 came to 1541 tonnes against 343 tonnes in the previous week. Trading remained on the low side. Few dealings occured in American, Israeli and Chinese growths.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	694	694	700 692
May	713	708	714 702
Jul	727	720	727 715
Sep	742	733	742 730
Dec	763	757	764 751
Mar	785	778	785 772
May	798	795	795 796

Turnover: 7374 (5753) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 5 847.69 (860.86) 10 day average for Mar 6 816.08 (808.97)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Mar	710	675	695 664
May	729	696	729 687
Jul	732	707	732 698
Sep	739	719	739 709
Nov	745	727	737 724
Jan	760	736	750 738

Turnover: 8302 (8447) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 5: Comp. daily 78.99 (76.05). 15 day average 70.73 (69.81)

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Apr	169.5	180.0	180.5 169.0
May	205.8		218.0 205.0
Nov	100.0		99.0
Apr	145.0		140.0

Turnover 990 (719) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Jun	120.00	122.50	20.00
Oct	122.00	122.00	22.00

Turnover 50 (130) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low
Mar	1644	1656	1655 1644
Apr	1656	1668	1664 1655
Jul	1388	1398	1392 1387
BFI	1614	1610	

Turnover 125 (109)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
Mar	112.35		112.25 112.10
May	115.20	115.60	115.25 115.10
Jun	117.10	117.45	117.05 117.00
Oct	109.30		109.30
Barley	**Close**	**Previous**	**High/Low**
Mar	105.75	106.70	106.75 105.75
May	107.15		107.25 107.00

Turnover: Wheat 173 (150), Barley 71 (65). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	119.0	119.0	119.0
Jun	119.0		119.0 118.5
Oct	119.5		119.0

Turnover 194 (35) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 37,175 tonne
Cash	1520-5	1553-5	1543	1542-3		
3 months	1527-30	1558-7	1560/1523	1544-5	1529-30	21,759 lots
Copper, Grade A (£ per tonne)						Ring turnover 55,200 tonne
Cash	1594-6	1599-601	1604/1593	1603-5		
3 months	1581-2	1589-60	1585/1550	1583-4	1585-6	12,181 lots
Lead (£ per tonne)						Ring turnover 16,250 tonne
Cash	590-600	564-7	610/595	607-9		
3 months	465-6	456-6	470/458	469-70	466-7	140 lots
Nickel ($ per tonne)						Ring turnover 1,800 tonne
Cash	8725-75	8600-50	8750	8750-75		
3 months	8525-50	8400-25	8525/8475	8475-500	8510-25	252 lots
Tin ($ per tonne)						Ring turnover 2,805 tonne
Cash	6470-80	6440-60	6490	6490-2		
3 months	6590-600	6570-80	6680/6580	6620-30	6615-25	0 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 31,775 tonne
Cash	1540-5	1530-33	1550/1546	1546-7		
3 months	1487-90	1490-1	1505/1480	1498-502		1,957 lots
Zinc ($ per tonne)						Ring turnover 1,800 tonne
Cash	1500-5	1510-5		1520-30		
March 30	1480-5	1495-500		1490-500		lots

LME Closing £/$ rate: SPOT: 1.6390 | 3 months: 1.6115 | 6 months: 1.5817 | 9 months: 1.5690

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	$404\frac{1}{2}$-405	$246\frac{1}{2}$-246
Opening	$404\frac{1}{2}$-405	$245\frac{1}{4}$-$245\frac{3}{4}$
Morning fix	404.80	245.111
Afternoon fix	405.35	245.667
Day's high	$405\frac{3}{4}$-$406\frac{1}{4}$	
Day's low	$404\frac{1}{4}$-$404\frac{3}{4}$	

Coins	$ price	£ equivalent
Mapleleaf	413-418	$250\frac{1}{2}$-$253\frac{1}{2}$
Britannia	413-418	$250\frac{1}{2}$-$253\frac{1}{2}$
US Eagle	413-418	$250\frac{1}{2}$-$253\frac{1}{2}$
Angel	413-418	$250\frac{1}{2}$-$253\frac{1}{2}$
Krugerrand	404-407	245-247
New Sov.	$94\frac{3}{4}$-$96\frac{3}{4}$	$57\frac{1}{2}$-59
Old Sov.	$94\frac{3}{4}$-$96\frac{3}{4}$	$57\frac{1}{2}$-59
Noble Plat	518.65-526.85	314.35-319.30

Silver fix	p/fine oz	US cts equiv
Spot	310.50	513.25
3 months	322.45	524.20
6 months	334.90	535.55
12 months	358.95	558.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1450	102	115	23	37
1550	46	63	65	82
1650	16	30	133	146
Copper (Grade A)	**Calls**		**Puts**	
2400	194	169	50	84
2500	130	119	69	130
2600	80	80	118	188
Coffee	**May**	**Jul**	**May**	**Jul**
700	46	64	17	32
750	21	39	42	57
800	8	22	9	90
Cocoa	**May**	**Jul**	**May**	**Jul**
650	68		5	
700	33	60	20	
750	12	24	49	28
Brent Crude	**Apr**	**May**	**Apr**	**May**
1900				3
1950	7	4		
2000				

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	405.9	406.6	406.3	406.7
Jun	411.3	412.0	413.8	411.0
Aug	418.3	417.2	419.0	416.3
Oct	423.3	422.5	423.8	423.3
Dec	428.0	427.7	429.5	428.0
Feb	434.0	433.1	434.0	
Apr	438.5	438.3	438.5	

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	511.5	509.1	514.0	511.0
Jul	517.5	514.2	519.0	516.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	512.0	511.6	513.0	511.8
May	518.5	518.8	522.0	518.2
Jul	528.5	527.0	529.5	527.0
Sep	536.0	535.5	537.0	536.0
Dec	547.0	547.3	550.0	547.0
Mar	561.5	559.2	561.5	560.0
Jul	576.0	575.6	576.0	

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	120.25	123.00	123.50	119.20
Apr	117.35	119.10	117.50	117.50
May	116.35	118.80	117.40	114.25
Jun	113.15	114.35	114.00	112.60
Jul	111.45	112.10	112.80	110.60
Aug	109.55	110.10	0	0
Sep	107.30	107.80	107.80	106.80
Oct	106.35	106.55	0	0
Nov	105.10	105.10	0	0
Dec	103.60	103.60	103.60	103.50

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar 6	Mar 5	mnth ago	yr ago
1899.0	1876.2	1783.6	1992.2

DOW JONES (Base: Dec. 31 1974 = 100)

	Mar 5	Mar 2	mnth ago	yr ago
Spot	130.97	131.08	127.88	136.94
Futures	131.66	132.78	129.47	136.88

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Apr	21.38	21.58	21.62	21.31
May	21.51	21.69	21.71	21.42
Aug	21.20	21.35	21.36	21.16
Sep	21.05	21.20	21.22	21.05
Oct	21.02	21.12	21.10	21.00
Nov	20.99	21.08	21.06	20.98
Dec	20.90	21.04	21.01	20.90
Jan	20.86	21.02	20.95	20.86

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Apr	5725	5799	5840	5700
May	5590	5661	5665	5580
Jun	5510	5545	5575	5495
Jul	5500	5541	5560	5500
Aug	5565	5596	5610	5555
Sep	5675	5691	5710	5695
Oct	5780	5758	5810	5730
Nov	5825	5821	5840	5825
Dec	5905	5898	5925	5900
Jan	5900	5906	5900	

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1116	1104	1116	1094
May	1090	1080	1095	1060
Jul	1096	1067	1103	1067
Sep	1111	1100	1115	1081
Dec	1135	1123	1142	1110
Mar	1157	1142	1160	1131
May	1159	1159	0	0
Jul	1170	1170	1176	1170

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	101.00	104.50	105.00	100.30
May	101.50	104.24	105.50	0
Jul	102.75	105.49	106.80	101.25
Sep	103.95	106.72	108.50	102.60
Dec	106.10	108.73	109.50	105.10
Mar	109.00	110.75	110.50	107.90
May	110.25	112.75	112.00	110.45
Jul	113.00	114.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	14.86	14.98	15.04	14.84
Jul	14.73	14.83	14.94	14.72
Oct	14.31	14.38	14.45	14.29
Mar	13.68	13.87	13.72	13.58
May	13.49	13.50	0	0
Jul	13.32	13.47	13.40	

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	70.60	70.15	71.20	69.90
May	72.17	71.79	72.80	71.80
Jul	72.68	72.33	73.40	72.35
Oct	67.07	67.10	67.60	67.05
Dec	66.00	65.94	66.40	65.80
Mar	67.07	66.65	67.07	66.70
May	67.62	67.30	67.57	67.25

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	191.25	190.55	192.25	191.05
May	191.80	191.30	193.00	190.60
Jul	188.70	187.75	189.90	188.00
Sep	182.80	181.85	183.50	182.30
Nov	177.50	178.50	179.00	178.00
Jan	172.95	172.80	172.70	172.50

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	577/4	570/6	579/4	569/4
May	590/4	584/2	593/2	582/4
Jul	603/4	596/6	605/6	594/6
Aug	608/4	600/6	608/6	599/4
Sep	607/4	600/2	608/4	599/0
Nov	611/0	606/4	614/6	605/0
Jan	621/4	615/2	623/4	614/0
Mar	632/0	625/4	633/0	625/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	22.05	22.18	22.30	22.01
Jul	22.05	22.22	22.32	22.05
Aug	21.94	22.00	22.12	21.85
Sep	21.85	21.72	21.90	21.85
Oct	21.50	21.52	21.70	21.45
Dec	21.35	21.42	21.66	21.30
Jan	21.30	21.32	21.53	21.20
Mar	21.20	20.95	21.45	21.20

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	162.2	159.4	163.0	159.3
May	167.1	164.3	168.0	164.0
Jul	172.2	169.2	172.8	169.0
Aug	174.3	171.2	174.6	171.2
Sep	176.0	173.5	176.5	173.5
Oct	0	175.6	178.5	175.5
Dec	181.0	179.5	182.0	179.1
Jan	183.0	181.2	183.0	181.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	243/6	244/6	245/4	243/6
May	250/6	252/0	252/6	250/6
Jul	255/4	256/6	257/4	255/4
Sep	253/2	254/4	256/0	253/2
Dec	251/4	253/2	255/0	251/4
Mar	258/0	259/4	260/6	257/6
May	260/0	261/4	263/2	260/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	361/4	395/0	396/0	390/0
May	351/0	351/2	354/4	349/6
Jul	339/0	336/6	339/4	336/0
Sep	346/0	343/2	346/2	343/0
Dec	357/4	355/6	358/2	355/2
Mar	365/4	363/0	366/4	365/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	76.70	76.50	76.85	76.45
Jun	71.42	71.47	71.65	71.27
Aug	71.07	70.85	71.15	70.85
Oct	73.02	72.70	73.15	72.80
Dec	73.37	73.10	73.47	73.15
Feb	73.30	73.12	73.45	73.15

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	50.32	49.72	50.50	49.65
Jun	55.30	54.45	55.40	54.35
Jul	54.82	53.97	54.90	54.00
Aug	52.72	51.95	52.75	51.90
Oct	47.62	47.12	47.65	47.10
Dec	48.22	47.32	48.30	47.70
Feb	47.97	47.45	47.97	47.32
Apr	45.95	45.70	45.95	45.75

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	48.27	48.02	48.70	47.56
May	49.32	48.97	49.75	48.52
Jul	49.57	49.26	50.15	48.95
Aug	48.05	47.45	48.60	47.45
Feb	55.35	53.35	55.35	53.70
Mar	55.15	54.00	55.35	53.80

LONDON STOCK EXCHANGE

Base rate nervousness upsets equities

THE UNCERTAINTIES overhanging the UK political scene continued to depress the London equity market yesterday and little lasting comfort was drawn from the steadier trend in sterling. Equities slipped to their lowest close since the end of November, bringing the important FT-SE 2,200 mark into sight. However, selling was light and the initiative came from the futures market.

Share prices took a sharp setback at mid-morning when rumours of an impending base rate hike swept the equity market; at the time sterling was actually steadying, and market hints that London three-month money market rates had jumped to 15⅛ per cent were false.

Account Dealing Dates		
*First Dealings:		
Feb 26	Mar 12	Mar 26
Option Declarations:		
Mar 8	Mar 22	Apr 5
Last Dealings:		
Mar 9	Mar 23	Apr 6
Account Day:		
Mar 19	Apr 2	Apr 17

*New time dealings may take place from 8.00 am two business days earlier

In fact the fall in equities, turning an early gain of six Footsie points into a loss of nearly 19, coincided a little too neatly with a shakeout in the Footsie futures contract, where a premium of 10 points or so was lost when the sector turned distinctly nervous over prospects for the Wall Street session.

Late in the day, the FT-SE future contract recovered its premium and, sure enough, the underlying equity market rallied. The final reading showed the FT-SE Index at 2,216.0, a net loss on the day of 14.5 points.

The day's trading performance underlined the equity market's nervousness rather than any increased bearishness. Seaq volume increased to 400.7m shares from Monday's 316.8m but appeared to include a high proportion of inter-market business as the leading houses watched the Footsie future.

Traders said that international interest in London equities has died away this week in the face of the clouds over sterling which in turn reflect nervousness over the UK Government's electoral prospects. While yesterday morning's sudden flurry of interest rate nerves was not taken too seriously, the mood in equities was not helped by Mrs Thatcher's reaffirmation that UK rates will stay at whatever level is necessary to bring down inflation.

"There are no alarm bells ringing in equities yet," commented Mr John Reynolds at County NatWest, who pointed out that the sterling exchange rate index, currently at 88, had fallen to 85 at the end of last year without provoking a hike in UK base rates. However, the stockmarket is watching keenly for signs of pressure from the foreign exchange sector.

Trends in other world markets have been pushed aside by London investors, for the time being at least. But the further setback in UK bond prices this week has widened the yield gap between UK stocks and bonds, prompting some hopes that equities could be due for a technical bounce if it slides any further towards the FT-SE 2,200 level.

FINANCIAL TIMES STOCK INDICES

	Mar 6	Mar 5	Mar 2	Mar 1	Feb 28	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	77.53	77.86	78.60	78.90	79.75	86.84	89.29 (8/2/89)	77.53 (6/3/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	87.41	88.12	88.84	88.69	89.31	93.12	95.59 (15/3/89)	87.41 (6/3/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1745.7	1765.8	1774.2	1764.9	1781.4	1715.6	2008.6 (5/9/89)	1447.8 (3/1/89)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	292.8	278.5	283.5	287.8	287.7	174.7	378.5 (8/2/90)	134.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2216.0	2230.5	2254.8	2238.4	2255.4	2083.5	2643.7 (3/1/90)	1782.8 (3/1/89)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.02	5.00	4.95	4.97	4.91	4.37				
Earning Yld %(full)	11.98	11.81	11.70	11.76	11.66	10.70				
P/E Ratio(Net)(*)	10.16	10.24	10.34	10.29	10.35	11.31				
SEAQ Bargains(5pm)	25,150	24,203	21,915	21,300	22,323	36,423				
Equity Turnover(£m)†		853.19	1078.34	742.00	810.69	1358.9				
Equity Bargains†		23,845	22,567	22,270	22,336	40,344				
Shares Traded (ml)†		341.2	472.4	334.0	305.6	603.2				

Ordinary Share Index, Hourly changes — Day's High 1762.0 — Day's Low 1741.6

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1761.1	1757.6	1759.0	1742.0	1742.4	1742.4	1741.9	1744.3

FT-SE, Hourly changes — Day's High 2238.2 — Day's Low 2211.5

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2236.4	2233.5	2223.4	2214.2	2212.6	2212.6	2212.1	2213.5

Basis 100 Govt Secs 15/10/26, Fixed Int 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ♦ Nil 10.13

GILT EDGED ACTIVITY

Indices	Mar 5	Mar 2
Gilt Edged Bargains	90.3	92.3
5-Day average	83.7	80.6

* SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value has been discontinued on July 31. Closing values for July 28 available on request. London report and latest Share Index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
British Airways	3,200	184	-2	Hanson Warrants	565	57	+1	Reckitt & Colman	114	1121	-13	Ultramar	1,400	369	+3
British Gas	8,700	212	-6	Harrisons Cros.	464	144	-1	Redland	185	530	+4	Unigate	297	260	-3
British Land	515	339	-10	Hawker Sidd.	149	589	-10	Reed Intl.	2,800	388	-7	Unilever	974	626	-1
BP	3,873	335	-3	Hillsdown	833	250	-6	Reuters	820	1041	-9	United Biscuits	1,000	324	-5
British Steel	4,100	136	-1½	IMI	107	209	-1	Rolls Royce	3,600	188	-1	Utd. Newspapers	453	349	-9
British Telecom	8,100	278	-7	ICI	1,600	1085	-4	Rothmans	224	600	-9	Wellcome	379	698	-3
Bond	575	102	-1	Inchcape	87	258	-1	Ryl Bk Scotland	1,600	186	-3	Whitbread 'A'	1,530	369	-6
Burmah Oil	250	606	-2	Kingfisher	708	284	+1	Royal Insurance	420	485	+5	Williams Hldgs.	908	243	-5
Burton	775	178	-1	Ladbroke	1,400	279	-10	STC	1,500	251	-2	Willis Faber	1,100	380	+3
Cable & Wire.	1,000	625	-2	Land Securities	546	469	-4	Saatchi	388	147	-1	Wimpey	46	236	+1
Cadburys	2,600	312		Laporte	71	490	-3	Sainsbury	2,900	256	-5				
Calor Group	185	313	+6	Legal & General	1,100	366	-4	Scottish & New	1,800	389	-7				
Carlton Comms.	334	723	-7	Lloyds Abbey	528	302		Sears	2,100	101					
Coats Viyella	1,400	128	-½	Lloyds Bank	1,800	282	-3	Sedgwick	1,500	265	+4				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Worries overhang Berisford

Berisford International continued to slide as concern about the sugar and property group spread beyond its largest shareholder, A.B. Foods, to include several institutional investors. The institutions were uneasy about Berisford's New York property investments and over some of the company's pension and share option arrangements.

Berisford slipped 8 to 105p as an unusually large 4.3m shares changed hands, which some traders said reflected institutional selling. The fall naturally depressed the value of A.B. Foods' stake, and caused the latter's shares to weaken 8 to 384p. A.B. holds a 23 per cent holding in Berisford.

Mr Carl Short of Kitcat & Aitken said: "Some institutions seemed to be concerned about the near-term trading outlook for Berisford and have reduced their exposure. As Berisford fell, A.B. Foods was affected, and the latter was marked down in light selling." However, Mr Mark Lynch of Laing & Cruickshank said Berisford's weakness may have been overdone, and doubted if it would fall below £1.

Fisons foreseen

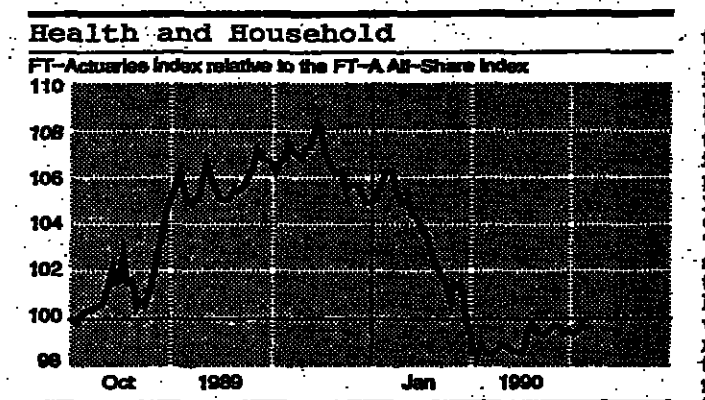
Profit-takers left Fisons slightly weaker than the already soft equity market after the company posted a 28 per cent increase in full year profits to £169m. Analysts said the figure was in line with their expectations, in the main because the company had made a forecast at the time of its acquisition of VG Instruments late last year.

Nevertheless, at least two brokers saw fit to edge their forecasts higher for the current year. County NatWest and Kleinwort Benson both lifted their figures by £3m to £225m and £227m respectively. Other forecasts are tightly bunched in this area with, for example, BZW on £223m and UBS Phillips & Drew on £225m.

Mr Ian White at Kleinwort was bullish on the prospects for Tilade, Fisons' new asthma drug. He expects sales to be £200m by 1996. Mr Ian Moore at UBS took a more cautious line, saying that with sales so far of only around £12m, there was a long way to go.

Fisons touched 330p in early trading but ran back to 212p, down a net 6, by the close.

Dealers reported continued switching out of LASMO into Enterprise as the latter struggled to recover from recent relative lows. The shares were 7 better at one point but closed only 2 firmer on the day at 624p. Turnover was unusually high at 1m, although that in LASMO, down 7 at 607p, was below average at 396,000.



Ultramar had a good day ahead of figures today, firming 3 to 369p. Hoare Govett is forecasting £100m net income for the year including stock profits and advanced corporation tax. Sentiment was also helped by renewed vague talk that efforts by British Gas to acquire oil interests in Indonesia might encourage the company to consider making a bid for Ultramar. Gas itself continued to be overshadowed by opinion polls showing the Labour party performing well against the Conservatives. The shares slipped 6 to 212p.

Among second liners, Premier stood out with an advance of 3 to 110p. Analysts said there was speculative demand ahead of an announcement expected on drilling for gas in Pakistan and oil in Thailand. Mr Alan Sinclair at Smith New Court said that if proven, the fields could be worth 5p and 70-80p a share respectively on the company's asset value. "The shares are fairly valued on fundamentals but the market has not built anything in for Thailand," he said. Mr Keith Morris at Kitcat & Aitken said that the announcement was expected in about two weeks.

Fears of continuing strike action at British Aerospace after workers at the Warton plant, in North West England, had rejected a deal made for a dull market in the shares, down 8 more at 476p.

A number of engineering stocks held up relatively well against the market trend. These included Rolls-Royce, only a penny off at 188p following good two way trade of 3.6m. Dowty was unchanged at 202p while Smiths Industries also closed without alteration at 236p.

In a review of the aerospace and defence stocks due to land on investors' desks this morning, Kitcat & Aitken favours the above three and says they "have been hit by the effect of the engineering strike and overdone bad sentiment on defence issues". Kitcat, however, adds "cuts in expenditure on defence equipment are likely to take much longer than expected giving companies two to three years to re-direct resources."

Simon Engineering firmed to 345p, up 2, on the belief that the company would benefit from new Government proposals to reduce the impact of waste disposal in the North Sea.

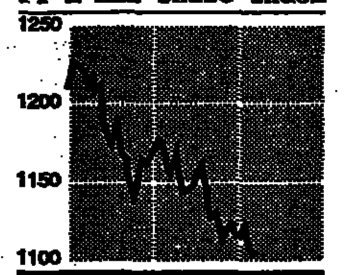
Buying ahead of today's full year figures lifted GKN, the shares adding 4 to 391p in brisk trade of 1.7m.

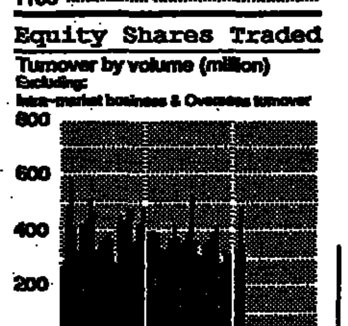
Victaulic hardened to 378p as the company reported a 16 per cent increase in profits to £8.8m. Also reporting was T Robinson whose profits were appreciated by the market, lifting the shares 3 to 98p.

Shares in Rechem tumbled after the company issued a profits warning after Monday's market close. The shares fell to 400p before recovering to close 21 down at 423p. The company said recent storm damage to its main treatment plant would lead to a slowing in profits growth.

BZW has cut profits estimates and expects the company to make £8.5m in 1990 (£11m) and £11.5m in 1991 (£13.5m). BZW said: "The company enjoys a near monopoly in high temperature incineration, but the shares are vulnerable to adverse media attention."

ICI held up relatively well, the shares coming off only 4 to 1085p on turnover of 1.6m. The price continued to be supported by Tuesday's news that the group was seeking powers to buy back up to 10 per cent of its shares. Raine Industries posted higher interim profits yesterday and the board expressed confidence that "shareholders will have no reason to feel disappointed with the full year's outcome." Analysts were impressed by the way in which the company has ridden out awful second-quarter conditions in the housing market, although Mr Mark Stockdale of BZW has clipped his full-year profits forecast from £32m to £29m. This is "to take account of flat housing numbers and the assumption that two hoped for property sales will not take place before the year end." The shares resisted the general market weakness to close firmer at 97p.





The UK water stocks suffered further losses after the British Government's moves to curb dumping of raw sewage in the North Sea by the recently-privatised UK water companies. Investors were discouraged by the estimates from the Water Services Association that the costs of treating raw sewage and also installing incineration plants could cost the industry as much as £2.5bn. The Water Package fell a further 22 to £1650, while Thames Water dipped from 157½p to 153p on consideration of the costs likely to fall on the company. Northumbrian Water also fell to 153p.

The beneficiary from the shakeout was Severn Water, which lost only a couple of pence to 141p after Hoare Govett recommended switching into stock in the company, which has no North Sea involvement.

A rise in the copper price overnight did wonders for RTZ, the second best performer among FT-SE 100 stocks, 7 higher at 518p.

Barclays was marked 5 better to 581p as a part of a stock overhang was cleared during the latter part of the day's trading. Midland gained 5 to 330p on talk that it had fallen too far. Elsewhere, NatWest eased a 2 to 346p, while Lloyds fell 3 to 282p.

British & Commonwealth gave up all of Monday's gain as the market digested the news that it looked set to receive less from the sale of its UK fund management than had previously been thought. B&C had rallied 9 per cent on reports that it would sell fund managers Gartmore for £150m, compared with forecasts of £130-140m. But B&C announced yesterday that the £150m included its holding in London & Strathclyde Trust, which would take the price tag for Gartmore back down to around £138m. B&C closed 5 off at 54p.

Guardian Royal Exchange rose 3 to 222p as BZW raised its dividend forecast for 1989 to 7.4p from 7.25p, and for 1990 to 12.6p from 11.4p.

Concern over re-nationalisation possibilities, after UK opinion polls at the weekend showed the Labour Party in the lead, aroused selling of British Telecom by institutional investors and the shares lost 7 further to 278p on turnover of 8.1m. The Labour Party has said it will take a controlling interest in BT should it win a general election.

A continuing share buy-in operation by Gus failed to prevent the "A" shares falling 18 to 983p. County NatWest yesterday cut its profit forecast for the company from £405m for the current year to £395m, and from £440m to £400m for 1991.

Hays, the personnel agency floated on the stockmarket in October 1989 at 105p shaded a penny to 108p after posting a 13 per cent rise in interim profits to £27.3m. Dealers said the figure was marginally better than expected, but was offset by a slightly disappointing 1.15p dividend.

Ladbroke slipped 10 to 279p on talk that a rights issue might accompany tomorrow's figures. The company denied the suggestion.

Radio and television company stocks fell on renewed fears of what the downturn in advertising spending might to to company profits. Among the stocks worst affected were Chiltern Radio, 27 lower at 230p, Midlands Radio, 13 off at 164p, and TVS, which closed at 107½p, down 4⅛.

A healthy rise of some 30 per cent in profits to $63.8m revitalised Templeton Galbraith & Hansberger, the Bermuda-based fund management group, whose shares have suffered recently from the uncertainty affecting world stock markets. At the close the shares were 7 up at 210p. Mr Phillip Gibbs of Laing & Cruickshank said the figures were good but in line with his expectations. He believes the group may achieve profits of $76m in the current year.

Traders continued to believe Thorn EMI would need to make a rights issue if it was to buy Geffen Records, a US record company, which they believe the UK group plans to acquire. The shares thus reacted further before steadying with the rest of the equity market to close 3 off on the day at 684p.

Tesco was supported by a recommendation from Kitcat & Aitkenthat investors switch out of Sainsbury. According to Mr Frank Davidson of Kitcat's, Sainsbury would have a lower rate of earnings growth, a relatively disappointing sales trend and poorer prospects for margin enhancement. Tesco finished unchanged at 197p, while Sainsbury was 5 off at 256p.

■ Other Market statistics, including the FT-Actuaries share index, London Traded Options Page 26

NEW HIGHS AND LOWS FOR 1989/90

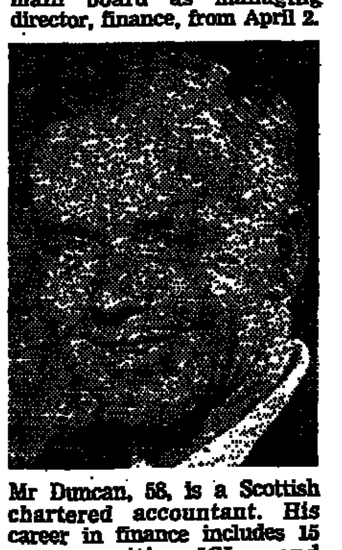
NEW HIGHS (3).
BRITISH FUNDS (1) FOODS (1) INDUSTRIALS (1) Jardine Strategic, OBS (1)

NEW LOWS (214).
BRITISH FUNDS (72) INT.BANK & O'SEAS GOVT. STLG. ISSUES (8) FOREIGN BONDS (1) AMERICANS (1) CANADIANS (1) BANKS (7) BREWERS (8) BUILDINGS (16) CHEMICALS (1) STORES (8) ELECTRICALS (5) ENGINEERING (5) FOODS (5) HOTELS (3) INDUSTRIALS (24) Aaronson Bros., BET, BLP, Barlo, Beaverco, Bestwood, Bridport-Gundry, Brown & Tawse, Charter Cons., Elsco, Elswick, Hunting 8¼pc Pf., J.S. Pathology, Kitty Little, Lynx Hldgs., Marling Inds., Spong, Tams (John), Unigroup, West Inds., Whitecroft, Wolstington, Widney, Young (H), INSURANCE (1) LEISURE (8) MOTORS (5) NEWSPAPERS (3) PAPERS (8) PROPERTY (17) TEXTILES (3) TRANSPORT (3) TRUSTS (8) OILS (3) OVERSEAS TRADERS (1) MINES (1) THIRD MARKET (3).

APPOINTMENTS

Guinness finance chief

GUINNESS is to appoint Mr Ian Duncan (pictured) to the main board as managing director, finance, from April 2.



Mr Duncan, 58, is a Scottish chartered accountant. His career in finance includes 15 years with ICI, and subsequently 16 years with Sir James Goldsmith, latterly in the US, as president and chief executive officer of G.O. Holdings Management Inc.

He will be moving from the US to take up this appointment in London.

Mr Duncan succeeds Mr Frank Fitzpatrick who, until his recent illness, was managing director, finance and administration.

Mr Fitzpatrick, now recovered, will continue on the Guinness board as administration director.

■ STEEL BURRILL JONES MARINE REINSURANCE BROKERS has appointed Mr David Williamson as chairman; Mr Alistair Troughton as deputy chairman; and Mr Jeffrey Wright as managing director, responsible for production and marketing. Mr David Beresford Jones will be standing down as chairman, but remains on the board.

■ PROVIDENCE CAPITOL PORTFOLIO MANAGERS has appointed Mr Dermot Wickham, joining from Framlington, and Miss Mary d'Eon, from Lion Mining Finance, to manage UK equity funds.

■ Mr Chris Bruce has been appointed marketing director, and Mr Nick Fennell commercial director of HP FOODS, part of BSN.

■ TOP-UK INSURANCE, St Albans, has promoted Mr Martin Bateman, general manager, to director, and Mr Steven O'Hara, financial controller, to company secretary.

■ WOODS FIRE DESIGN, Norwich, has appointed Mr Michael Hansell as national sales director.

■ Mr Douglas Patrick, a director and deputy general manager of THE SCOTTISH MUTUAL ASSURANCE SOCIETY, will succeed Mr Douglas McKinnon as chief executive on June 30, when Mr McKinnon retires, but continues as a non-executive director.

■ Mr Kevin Maxwell has been appointed executive chairman of PERGAMON AGB following its acquisition by Pergamon Market Research. Sir Bernard Audley, chairman, Lord Havers of St Edmundsbury, Sir Douglas Morpeth, Mr Geoffrey Robinson, and Lord Williams of Elvel have resigned as directors of Pergamon AGB and its subsidiaries.

■ Mr Dennis Hall has been appointed construction director of PERSIMMON HOMES (NORTH WEST).

■ Mr Chris Neary, formerly commercial director of Racal Vodapage, has been appointed managing director of INTER-CITY PAGING, a wholly-owned UK subsidiary of Mobile Telecommunications Technologies Corp, Mississippi.

■ Dr Ray Sheahan has been appointed general manager of ICI BIOLOGICAL PRODUCTS from April 16. He was general manager, biocides, at ICI Speciality Chemicals, Wilmington, US.

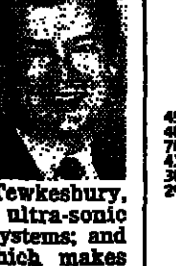
■ Mr Jim Smith, formerly financial director of British Telecom's UK division, has been appointed chairman of CLARKE & TILLEY, taking over from Mr Peter Tilley, who continues as a non-executive director.

■ Professor Gordon Edge, chief executive and founder of Scientific Generics, and Mr Mark Tyndall, a director of development capital at Ivory & Sime, have been appointed non-executive directors of WHARFEDALE, loudspeaker manufacturer.

■ CHARTERED WESTLB, a merchant bank jointly owned by Standard Chartered Bank and Westdeutsche Landesbank, has appointed Ms Catherine Whiteley, Mr James Young and Mr William D. Hayes as executive directors.

■ Mr Robin Tassell has been appointed managing director of NCC PROPERTY, UK subsidiary of NCC Fastigheter, Sweden.

■ Mr Tom Doyle (pictured), managing director of the Eureka systems division, DAVY McKEE (POOLE), has been appointed to the main board, retaining responsibility for the division, which makes radio-frequency indentification tags. He becomes responsible for newly-acquired divisions: SI, Tewkesbury, which makes ultra-sonic quality control systems; and Meta, Poole, which makes automatic guidance systems for robotic welders.



LONDON SHARE SERVICE

BRITISH FUNDS

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
98¾	91⅝	Treas. 3pc 1990	98¾	–⅛	3.05	12.1
98⅞	95¾	Treas 8¼pc 1987-90‡‡	98⅞	+⅛	8.38	13.9
98⅝	95¼	Treas. 8pc Cv 1990 ‡‡	97⅝	+⅛	8.17	14.1
98⅞	96⅛	Treas. 10pcCv 1990	97⅛	–⅛	10.30	14.9
94⅞	87⅞	Exch 2½pc 1990	94⅛		2.65	11.1
101⅜	97½	Treas 11¾pc 1991	97⅞		12.03	14.7
93¼	89⅞	Funding 5¾pc '87-91‡‡	93¼		6.17	12.7
91	86⅞	Treas. 3pc 1991	90⅞	–⅛	3.31	11.6
100⅜	95¼	Treas 10pc Cv '91 ‡‡	95⅜		10.49	13.9
101⅞	95⅞	Exch. 11pc 1991	95⅞		11.53	14.2
94⅞	90⅞	Treas. 8pc 1991	90⅞	–⅛	8.80	13.9

The remaining rows of British Funds ("Shorts", Five to Fifteen Years, Over Fifteen Years, Undated, Index-Linked) are [illegible].

BRITISH FUNDS—Contd

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		(b)	(1)	(2)		
112¾	103⅛	Tr. 2pc '92‡‡(97.8)	111⅛	–⅛	3.79	3.08

Remaining rows [illegible]. Sections: INT. BANK AND O'SEAS; CORPORATION LOANS; COMMONWEALTH & AFRICAN LOANS; LOANS — Public Board and Ind.; FOREIGN BONDS & RAILS; AMERICANS [illegible].

AMERICANS—Contd

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
913p	333p	California Engy.	886p	–4	–	–	–
36⅛	17¼	Campbell Soup 15c	29⅞		$1.00	–	2.0
28⅝	15⅞	Chase Manhattan $12½	18⅛	–⅛	$2.36	–	7.9
26¼	15	Chem. Banking Corp.	16¼	+⅛	$2.72	–	10.1

Remaining rows of Americans—Contd and Canadians [illegible].

Continued on next page

LONDON SHARE SERVICE

BANKS, HP & LEASING

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*303	216	ANZ SA1	255	+2	44c	1.4	7.8	9.1
191	134	Abbey National 10p	188	+2	8.5	q3.2	6.2	6.7
*282	120½	Allied Irish Ord	246	–3	Q8%	3.3	3.3	12.7
£13½	£11½	Algemene Fl.10	£12¼	+⅛	Q28%	2.0	7.3	6.9
*85	61	Anglo Irish	75	–1	Q18.7%	2.7	5.9	10.2
81	57	Ansbacher (H.) 1p	78	.....	2.5	♦	4.4	♦
£72¼	£38¼	Bancaire Cie Fr100	£58½	+2	Q12½%	–	2.3	–
£46¼	£35¾	Banco Bilbao Viz	£37⅝	+¼	Q35.7%	2.0	3.6	13.9
£33	£25½	Banco de Santander	£25¼	.....	Q25%	2.4	4.1	5.5
*286	169	Bank Ireland Ir£1	257	–2	Q12.3%	3.2	4.5	8.8
£19½	£17½	Bank Leumi	£19½	.....	–	–	–	–
350	345	Bank Leumi (U.K.)	345	.....	†13.5	–	5.2	–
125	88	Bank Scotland	115	+½	†3.8	3.6	4.4	8.3
111¼	93½	Do. 9¼pc Irrd Pf	93¼	–1	9¼%	–	13.2	–
*67	49	Bank of Wales	52	.....	2.8	1.6	7.2	10.9
*588	404	Barclays £1	581	+5	27.4	q3.6	6.5	5.6
31	19	Benchmark 20p	19	.....	1.63	1.0	11.4	10.9
363	285	Brown Shipley £1	313	–1	†10.5	–	4.5	–
455	325	Cater Allen £1	413	.....	23.5	–	7.6	–
259	149	Chancery	150	–9	†8.0	2.8	7.1	6.6
£23¼	£14½	Commerzbk DM10	£21¼	–⅛	Q18%	–	3.1	–
*£29	£22½	C'hgn.Hbk.Kr100	£24½	+¼	Q15%	–	5.9	–
£16⅞	£10¼	Dai Ichi KBk Y50	£10⅞	–⅛	†Q16%	8.8	0.3	38.9
*£314	£156¼	Deutsche Bk DM50	£269½	–3⅛	Q24%	–	1.6	–
£22¼	£17⅛	Espirito Santo	£20	+¼	Q75c	3.3	2.3	13.6
260	187	First Nat. Fin. 10p	218	–2	13.0	2.4	8.0	6.7

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LEISURE

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MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

WATER

For Water Package Units see Recent Issues

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES—Contd

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ *Figures or report awaited*
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ¥ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♠ Not comparable
- ♦ *Same interim; reduced final and/or reduced earnings* indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ... γ	83	......
Craig & Rose £1 .. γ	820	......
Finlay Pkg. 5p .... γ	57	-1
Holt (Jos) 25p .... γ	1343	-10

IRISH

Cap 8½% Ln 1991 ...	£96	-¼
9pc Cap Ln 1996 ..	£90	-½
Fin. 13% 97/02 ...	£107	-½
Arnotts	438	-10
Carrol (P.J.) ...... γ	150	-10
Hall (R. & H.)	185	......
Heiton Hldgs .... γ	98	......
IRG	210	......
United Drug	165	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	39
Amstrad	5½
Astec (BSR)	5¼
BAT	83
BOC Grp	45
BTR	36
Barclays	49
Blue Circle	19
Boots	23
Bowaters	38
Brit Aerospace	42
British Steel	9
Brit. Telecom	25
Cadburys	27
Charter Cons	40
Comm Union	40
Courtaulds	31
Eurotunnel	60
FKI	7
FNFC	21
Gen Accident	98
GEC	18
Glaxo	56
Grand Met	45
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	85
Ladbroke	25
Legal & Gen	34
Lex Service	26
Lloyds Bank	22
Lucas Inds	52
Marks & Spencer	17
Midland Bk	27
Nat West Bk	29
P & O Dfd	50
Polly Peck	37
Racal Elect	19
RHM	35
Rank Org Ord	68
Reed Intnl	53
STC	28
Sears	9½
SmKl. Beecham A	46
TI	38
TSB	11
Tesco	17
Thorn EMI	61
Trust Houses	22
T&N	17
Unilever	56
Vickers	18
Wellcome	60

Property

Brit Land	32
Control Secs	5
Land Securities	44
MEPC	44
Mountleigh	14

Oils

Aviva Petlm	5½
Brit Petroleum	28
Burmah Oil	52
Conroy Petlm	12
Gaelic Res	4½
Premier	18
Shell	37
Tuskar Res	10
Ultramar	31

Mines

Lonrho	22
RTZ	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

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AUTHORISED UNIT TRUSTS

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ▼ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

حكماء الأصل

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Thornton Unit Managers Ltd (1000)F
33 Cavendish Sq., London W1N 7HF - 01-493 7262
Dealing 01-493 8545

	Init. Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Opps	5	49.68	50.60xd	53.97	-0.19	0.97
(Accum Units)	5	51.12	52.07xd	55.54	-0.20	0.97
European Opps	5	73.96	74.78	79.75	-0.68	0.00
(Accum Units)	5	74.36	75.19	80.19	-0.69	0.00
Far Eastern Opps	5	136.61	136.81	145.92	-0.67	0.00
(Accum Units)	5	137.48	137.69	146.86	-0.67	0.00
Golden Opps	5	44.74	44.74	47.72	-0.21	0.00
(Accum Units)	5	46.02	46.02	49.08	-0.22	0.00
Intl Hi-Yield	5	58.83	59.31	63.26	-0.22	4.56
(Accum Units)	5	63.86	64.39	68.67	-0.24	4.56
Sanyo Japan Tst	5	69.18	69.18	73.78	-0.38	0.00
(Accum Units)	5	69.18	69.18	73.78	-0.38	0.00
Kangaroo	5	31.75	31.75	33.86	.....	1.53
(Accum Units)	5	31.93	31.93	34.04	.....	1.53
Oriental Income	5	34.41	34.47	36.76	-0.05	5.09
(Accum Units)	5	38.58	38.64	41.21	-0.06	5.09
Pacific Technology	5	60.21	60.21	64.21	-0.49	0.00
(Accum Units)	5	60.70	60.70	64.73	-0.50	0.00
Tiger	5	151.51	151.51	161.61	-0.48	0.68
(Accum Units)	5	153.88	153.88	164.13	-0.48	0.68
UK Hi-Yield	5	42.66	42.66	45.49	+0.02	5.02
(Accum Units)	5	48.77	48.77	52.01	+0.02	5.02
UK Opps	5	54.59	56.95xd	60.90	-0.13	1.51
(Accum Units)	5	59.19	61.97xd	66.27	-0.13	1.51

Three Counties Asset Mngmt Ltd (1430)F
Cuthbert House, Tower Road, Washington NE37 2SH 091 415 3034

Balanced Portfolio	6	89.86	92.36	97.19	-0.75	4.00

Touche Remnant Unit Tst Mngt Ltd (1600)F
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 01-248 1250
4 Hourly Pricing – 12 Noon Historic

TR American Gwth	5¼	46.07	46.07xd	49.14	+0.07	0
TR Eur Sp Sits Acc	5¼	41.64	41.64	44.28	-0.02	0
TR Eur Sp Sits Inc	5¼	40.83	40.83	43.42	-0.02	0
TR General Growth	5¼	71.63	71.63	76.20	-0.83	2.66
TR Global Tech	5¼	72.19	72.19	77.00	-0.06	0
TR Income Growth	5¼	83.91	84.41	89.79	-0.25	4.57
TR Income Monthly	5¼	53.19	53.19	56.58	-0.27	7.11
TR Japan Growth	5¼	90.72	90.72	96.24	-0.73	0
TR Overseas Growth	5¼	66.86	66.86	71.27	-0.41	0
TR Smaller Cos	5¼	79.04	79.04	84.08	+0.06	3.08
TR Special Ops	5¼	89.68	89.68xd	95.40	-0.18	2.95

J. Rothschild Fund Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Exempt	142.6	144.2	.....	3.56

Stewart Ivory & Co Ltd

Saints PPP Feb 14	258.6	272.3	.....	–

Closed to new business

Thornton Unit Managers Ltd

Managed Exempt Mar 1	99.88	106.14	.....	3.90
(Accum Units)	100.49	106.79	.....	3.90

Touche Remnant Unit Tst Mngt Ltd

TR Exempt Europe	1066	1080	.....	167
TR Exempt Nth Amer	938	952	.....	343
TR Exempt Pac Basin	944	956	.....	8

INSURANCES

AA Friendly Society
(Investment Mngt N & G Inv Mngt Ltd)

AA Friendly Sy Feb 9	–	173.3	.....	–

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	301.0	316.9	.....	–
Equity Ser. 1	128.6	135.4	+0.1	–
Prop. Acc. Ser 2	464.1	488.6	+0.1	–
Equity Ser 2	149.1	157.0	.....	–
Selective Acc	341.1	359.1	+0.1	–
Prop. Ser. 4	362.8	381.9	+0.1	–
Equity Ser. 4	152.0	160.0	.....	–
Man. Ser. 4	437.1	460.2	+0.2	–
Fixed Int. Ser. 4	209.7	220.8	-0.1	–
Indexed Inv. Ser. 4	140.4	147.9	-0.1	–
American Ser. 4	317.9	334.7	-1.2	–

OTHER UK UNIT TRUSTS

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Clerical Medical Investments Group

Guardian Royal Exchange

Laurentian Life plc

Legal & General (Unit Assur) Ltd

Merchant Investors Assurance Co Ltd

Continued on next page

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National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Managed Cautionary	102.1	107.5	−0.8	–
Managed Growth	139.1	146.5	+0.2	–
Managed Opportunity	143.1	150.7	+0.5	–
NFMC Target Financial	99.9	105.2	−0.5	–
Pension Funds				
Managed Cautionary	107.0	112.7	−0.7	–
Managed Growth	143.2	150.8	+0.2	–
Managed Opportunity	145.3	153.0	+0.7	–
NFMC Target Mngd Pen	1491.3	1569.8	−10.5	–

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or −	Yield Gross
Managed Fund	221.5	233.2	—	–
Managed Prospect Fund	186.0	195.8	—	–
Pens Managed	281.4	296.3	—	–
Pens UK Equity	333.6	351.2	—	–
Pens Overseas Equity	375.8	395.6	—	–
Pens Property	163.1	171.7	—	–
Pens Fixed Interest	174.2	183.4	—	–
Pens Index Linked	145.8	153.5	—	–
Pens Deposit	190.2	200.3	—	–
Harvester & P.R.P.				
UK Equity	145.8	153.5	—	–
Overseas Equity	134.5	141.6	—	–
Fixed Interest	119.0	125.3	—	–
Property	135.6	142.8	—	–
Index Linked	132.4	139.4	—	–
Deposit	131.9	138.9	—	–
Managed	141.8	149.3	—	–
With Profits	135.3	142.5	—	–

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

	Bid Price	Offer Price	+ or −	Yield Gross
Managed	335.3	353.0	−1.9	–
UK Equity	423.6	445.9	−3.8	–
Overseas Eq	353.0	371.6	−0.7	–
Americas	263.4	277.3	−1.3	–
Far East	392.5	413.2	−1.5	–
Property	220.1	231.7	−0.2	–
Fixed Int	210.8	221.9	−0.5	–
Indexed Gilt	136.2	143.4	−0.6	–
Deposit	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Providence Capital Life Assc. Co Ltd — Contd.

	Bid Price	Offer Price	+ or −	Yield Gross
Property Initial		164.4	−1.0	–
Money Initial		79.0	+0.1	–
Special Markets Initial		136.7	−0.7	–
Japan Equity Initial		108.1	−1.6	–
North American Initial		82.2	−0.6	–
Pacific Initial		80.9	+0.6	–
Technology Initial		105.2	+8.0	–
Nat Resources Initial		56.9	+0.5	–
European Initial		102.2	—	–
Residential Prop Init		103.4	—	–
Swiss Equities Initial		36.4	—	–
Hong Kong Initial		47.8	−0.4	–
UK High Inc Eq Init		67.7	−0.2	–
Int Fixed Interest Init		48.3	+0.1	–
Int Managed Init		55.7	+0.6	–
HIP Managed Init		112.8	−0.4	–
Broker Funds				
High Performance	75.0	79.1	+1.4	–
Towerhill Mngd Fd Acc	51.5	54.3	−0.8	–
YRA Executive Fd	91.5	96.5	+0.2	–
C Global Growth Acc	130.5	137.6	—	–
C High Income Mny Acc	111.4	117.7	—	–
IM Balanced		55.2	+0.5	–
H.F. Speculator Fd		156.5	+2.4	–
PEP Acorn II		124.5	+2.1	–
PEP Cautionary		88.6	+1.4	–
AAFS Int Man Fund		119.3	−0.1	–
Andrews-Green Inv Port		103.1	—	–
Individual Pension Funds				
UK Equity Acc	218.6	230.6	+0.3	–
UK Fixed Interest Acc	173.3	182.9	−1.2	–
Intl Equities Acc	243.7	257.1	+5.4	–
UK Managed Acc	179.4	189.2	+0.2	–
Property Acc	209.1	220.6	−1.2	–
Money Acc	136.2	143.7	+0.1	–
Special Market Acc	275.5	290.7	−1.8	–
Japan Equity Acc	221.0	233.2	−4.5	–
North American Acc	127.8	134.9	−1.1	–
Pacific Acc	198.8	209.8	+1.8	–
Technology Acc	177.8	187.6	+16.9	–
Natural Resources Acc	112.1	118.3	+1.3	–
European Acc	135.2	142.7	−0.1	–
Residential Prop Acc	113.5	119.8	—	–
Swiss Equities Acc	37.7	39.8	+0.1	–

[illegible]

Norwich Union Asset Management Ltd

[illegible]

Norwich Union Life Insurance Soc.

[illegible]

Pearl Assurance (Unit Funds) Ltd

[illegible]

Pioneer Mutual Insurance Co Ltd

[illegible]

Premium Life Assurance Co Ltd

[illegible]

Professional Life Assurance Co Ltd

[illegible]

Prolific Life & Pensions Ltd

[illegible]

Property Equity & Life Ass. Co

[illegible]

Providence Capital Life Assc. Co Ltd

[illegible]

Provident Life Assoc Ltd

[illegible]

Provident Mutual Life Assc. Assn.

[illegible]

Prudential Assurance Co

[illegible]

Prudential Holborn Life Ltd

[illegible]

Prudential Holborn Pensions Ltd

[illegible]

Prudential Pensions Limited

[illegible]

Regency Life Assurance Co Ltd

[illegible]

Reliance Mutual

[illegible]

Royal Heritage Life Assurance Ltd

[illegible]

Royal Heritage Life Assurance Ltd — Contd.

[illegible]

Royal Life Insurance Ltd

[illegible]

Royal Liver Assurance

[illegible]

Save & Prosper Group (c)

[illegible]

Scottish Amicable

[illegible]

Scottish Equitable Life Assce. Soc.

[illegible]

Scottish Life Investments

[illegible]

Scottish Mutual Assurance Society

[illegible]

Scottish Mutual Investments

[illegible]

Scottish Provident Institution

[illegible]

Scottish Widows' Group

[illegible]

Shield Assurance Ltd

[illegible]

Skandia Life Assurance Co Ltd (c)

[illegible]

Standard Life Assurance Company

[illegible]

Sun Alliance Group

[illegible]

Sun Life of Canada (UK) Ltd

[illegible]

Sun Life Unit Assurance Ltd

[illegible]

Swiss Life (UK) PLC

[illegible]

TSB Life Ltd

[illegible]

Target Life Assurance Co Ltd

[illegible]

Teachers' Assurance Company Ltd

[illegible]

Tunbridge Wells Equitable

[illegible]

UK Life Assurance Co Ltd

[illegible]

Wesleyan Assurance Society

[illegible]

Windsor Life Assur Co Ltd

[illegible]

Zurich Life Assurance Co Ltd

[illegible]

Sharp (Albert E.) & Co.

[illegible]

Sitlaia Fund Managers Limited

[illegible]

South Yorks Investment Management

[illegible]

Tattersall Investment Mngt. Ltd

[illegible]

Towry Law & Co

[illegible]

University Medical General Ltd

[illegible]

J. D. Ward Financial Services Ltd

[illegible]

Westcourt Asset Management Ltd

[illegible]

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

IoM (SIB RECOGNISED)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

FT UNIT TRUST INFORMATION SERVICE

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	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gartmore Luxembourg SA-Contd.						
Dollar Bond		$-	1.95		—	—
Sterling Bond		£-	1.00		—	—
Europa Currency Bond		Ecu-	1.49		.....	7.53
Intl Conv Bond		$-	2.06		-0.01	—
Dollar Reserve		$-	2.03		—	—
Sterling Reserve		£-	1.06		—	—
Deutschmark Reserve		DM-	5.05		—	—
Yen Reserve		Y-	505.00		—	—
Henderson Management SA						
21-25 Allee Scheffer L-2520 Luxembourg 01-638 5757 or 010-352 462232						
Henderson Horizon Fund						
Japanese Portfolio		$-	13.72	14.49	-0.06	—
Japan Smllr Cos P'flio		$-	21.19	22.38	+0.05	—
Pacific Portfolio		$-	11.47	12.12	-0.18	—
Nth American P'folio		$-	4.62	4.90	-0.02	—
European Portfolio		$-	8.63	9.13	+0.25	—
UK Portfolio		$-	5.71	6.05	-0.01	—
Global Portfolio		$-	9.45	9.985	+0.05	—
Fixed Int. Portfolio		$-	8.93	9.38	-0.01	—
Int Cos Portfolio		$-	9.53	10.01		—
Dollar Liquidity P'folio		$-	0.8546	0.8587	[illegible]	—
Stlg Liquidity P'folio		£-	1.1730	1.1760	[illegible]	—
Hill Samuel Investment Services Intl SA						
Marktgasse 63/65, 3001 Berne, Switzerland 224051						
Hill Samuel Global Portfolio						
Global Equity			$9.45		—	—
Global Bond			$9.16		—	—
Global Managed			$9.39		—	—
Sterling Fixed Int			£9.41		—	—
European Fixed Int			DM18.76		—	—
UK Equity			£9.05		—	—
UK Smaller Co's Eqty			£9.51		—	—
Nth American Equity			$9.31		—	—
US Smaller Co's Eqty			$9.27		—	—
Japanese Equity			Y935		—	—
European Equity			DM9.68		—	—
Pacific Basin Equity			$9.29		—	—

	Bid Price	Offer Price	+ or -	Yield Gross
Lazard Fund Managers—Contd.				
Lazard Japan Fund	$34.53	40.48		—
Lazard Nth Am	$20.27	21.58	+0.45	1.0
Lazard Sel Port £ Cap.	£13.59	14.67	—	—
Lazard Sel Port £ Inc.	£9.17	9.67	—	12.8
Lazard Sel Port $ Cap.	$12.90	13.93	—	—
Lazard Sel Port $ Inc.	$8.52	8.99	—	8.0
Lazard U.K.	£1.308	1.374	—	3.0
M & G Island Fund				
Island	648.7	687.6	+0.1	2.85
(Accum Units)	1262.8	1338.6	+0.2	2.85
NM Financial Mngt Intl Ltd				
Mngd. Currency	£6.578	6.911	-0.039	5.75
NM Portfolio Selection Fund Ltd				
Canslemerea	£1.019	1.083	-0.013	1.39
Far East Gwth	$1.348	1.433	+0.031	0.00
Smaller Co's	£0.955	1.015	-0.003	1.16
Special Sits	£0.958	1.019	-0.011	0.79
Intl Bond	$0.876	0.931	—	6.36
American Fund	$1.938	2.061	-0.006	2.23
American Smaller Cos	$1.183	1.258	+0.001	0.00
Australian Fund	£1.610	1.712	-0.001	1.79
British Fund	£1.479	1.573	-0.014	5.75
European Fund	£2.184	2.323	-0.009	0.89
Gold Fund	£0.787	0.837	—	0.00
Hong Kong Fund	£1.661	1.766	-0.007	3.60
International Fund	£1.408	1.497	-0.004	0.34
Japanese Fund	£2.919	3.105	-0.001	0.00
Japan Smaller Cos	£5.317	5.656	+0.002	0.00
Singapore & Malaysian	£1.543	1.641	-0.008	0.80
Dollar Fixed Interest	$0.987	1.049	-0.004	6.99
Sterling Fixed Int.	£0.866	0.921	-0.002	11.45
Deutschmark Currency		DM5.028	—	2.36
Dollar Currency		$1.003	—	4.91
Sterling Currency		£1.036	—	10.48
Yen Currency		Y201.1	—	1.49
Managed Currency	£0.987	1.050	-0.018	6.94
Nikko Capital Mngt (Europe) Ltd				
Japan India Fund	$3.824	3.862	—	—

Save & Prosper International

Schroder Mngt Services (Jersey) Ltd

Schlitter Worldwide Money Fund Ltd

Schlitter Worldwide Selection Fd Ltd

JERSEY (**)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

DUBLIN (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Warburg Inv Mngmt (Isle of Man) Ltd				
Mercury 90-10 Trust (Sicav)				
Dollar Fd BOPUPs	$10.65	10.66	----	—
Dollar Fd OPUPs	$11.17	11.28	----	—
Sterling Fd BOPUPs	£10.80	10.82	----	—
Sterling Fd OPUPs	£12.13	12.26	----	—
DM Fd BOPUPs	DM10.31	10.32	----	—
DM Fd OPUPs	DM11.12	11.24	----	—
Yen Fd BOPUPs	$8.07	8.08	----	—
Yen Fd OPUPs	$11.04	11.15	----	—
Wardley Investment Services Ltd				
Wardley S.E. Asia Tst	$12.69	13.47	+0.56	0.82
Wells Fargo U.S. IT Fund				
NAV Mar 5		$9.52	----	—
Yamaichi Dynamic Mngt Co SA				
Advanced Tech		$24.95	----	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd				
48 Pembury Road, Tonbridge TN9 2JD			0732 770114	
Cafcash Deposit Fd	14.68	—	15.73	3-Mth
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ			01-588 1815	
Deposit	14.85	—	15.70	3-Mth
Gartmore Money Management Ltd				
2-3 White Hart Yard, London SE1R 1NX			01-236 1425	
Call Fnd	14.62	11.59	15.91	6-Mth
7-day Fund	14.94	11.69	16.04	6-Mth
Special Fund	14.83	—	16.32	Mth
Dollar	7.00	5.48	7.45	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume Bank plc				
30 City Road, EC1Y 2AY			01-638 6070	
Treasury Acc	13.50	10.56	14.64	Qtr
Mthly Int £1,000-£4,999	13.50	10.56	14.77	Mth
Mthly Int £5,000-£49,999	14.00	10.95	15.35	Mth
Mthly Int Chq £50,000+	14.50	11.35	15.94	Mth
Allied Trust Bank Ltd				
97-101 Cannon St, London EC4N 5AD			01-629 6802	
OMNIA (£2,001+)	14.50	11.35	15.94	Mth
HICA (£2,001+)	13.90	10.85	15.248	Mth
Bank of Ireland High Interest Cheque Acc				
36 Queen St, EC4R 1BN			01-625 7000	
2,000-9,999	13.738	10.750	14.922	Qtr
£10,000+	14.058	11.000	15.283	Qtr
Bank of Scotland				
38 Threadneedle St, EC2P 2EH			01 601 6746	
Money Mkt Cheque Acc	13.6	10.641	14.91	Mth
Barclays Capital Advantage Account				

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Nervous pound moves higher

FEAR OF central bank intervention kept the foreign exchanges nervous yesterday, but the dollar finished towards the top of the day's range as European central banks stayed out of the market. Sterling rallied, but was also very nervous on interest rate rumours.

The situation regarding UK rates was clouded by exchanges in Parliament between Mrs Margaret Thatcher, the Prime Minister, and Mr Neil Kinnock, leader of the opposition Labour Party. Mrs Thatcher refused to give a commitment that interest rates will not rise, saying such comments would only help speculators. She did say however that rates will stay at whatever level is needed to bear down on inflation.

In New York the US Federal Reserve sold dollars against the Japanese yen at Y149.75, but at the time of the London finish there was no sign of intervention by the Fed to help the D-Mark. Earlier in Tokyo the Bank of Japan kept up its support of the yen, selling about $700m. This was the eighth successive trading day that the Japanese central bank intervened to support its currency.

At the close of trading in London the dollar was little changed against the yen at Y149.80, compared with Y149.75 on Monday, but had eased to DM1.7010 from DM1.7035. This was still near the top of the day's range against the D-Mark however. In terms of other currencies the dollar rose slightly to SFr1.4995 from SFr1.4990, but fell to FFr5.7500 from FFr5.7550. According to the Bank of England the dollar's index declined to 68.0 from 68.1.

Concern about the unpopularity of the Conservative Government in recent opinion polls kept the pound nervous, but rumours the authorities are considering a rise in bank base rates helped support the pound. On the other hand some opinion in the City suggested it would be little short of "suicidal" for the Government to consider such a move, given its present standing in the country.

Sterling gained 1.10 cents to $1.6500. The pound also advanced to DM2.8075 from DM2.7925; to Y247.25 from Y245.50; to SFr2.4750 from SFr2.4575; and to FFr9.4875 from FFr9.4325. On Bank of England figures sterling's index rose 0.3 to 88.0.

Discord in Bonn about Poland's demands that Germany accepts post Second World War borders was another factor depressing the D-Mark, apart from worries about the inflationary implications of German monetary union. The Bundesbank supported the D-Mark by selling DM54.2bn at the Frankfurt fixing, but did not intervene on the open market.

The West German currency had a firmer tone within the European Monetary System, gaining ground against the Italian lira and French franc. At the close in London the D-Mark had advanced to L737.80 from L737.30 and to FFr3.3805 from FFr3.3785.

£ IN NEW YORK

Mar.6	Latest	Previous Close
£ Spot	1.6520-1.6530	1.6438-1.6448
1 month	0.94-0.93pm	0.99-0.98pm
3 months	2.75-2.72pm	2.75-2.73pm
12 months	9.70-9.60pm	9.76-9.68pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar.6	Previous
8.30 am	87.6	88.2
9.00 am	87.8	88.0
10.00 am	87.8	87.9
11.00 am	88.1	87.8
Noon	88.0	87.8
1.00 pm	88.0	87.8
2.00 pm	87.9	87.8
3.00 pm	87.9	87.8
4.00 pm	88.0	87.7

CURRENCY RATES

Mar.6	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling #	-	1.25565	1.37252
U.S Dollar	7	1.31167	1.20413
Canadian $	13.32	1.51617	1.42991
Austrian Sch.	6½	15.6954	14.3834
Belgian Franc	10¼	46.3183	42.4728
Danish Krone	10½	8.57308	7.84252
Deutsche Mark	6.00	2.22722	2.04257
Neth.Guilder	7.00	2.51119	2.30098
French Franc	10¼	7.53030	6.90510
Italian Lira	13½	1643.68	1507.94
Japanese Yen	4¼	197.078	180.138
Norway Krone	8	8.61111	7.88647
Spanish Peseta	-	143.268	131.347
Swedish Krona	9½	8.08579	7.37893
Swiss Franc	6.00	1.96226	1.80138
Greek Drach.	20½	N/A	193.071
Irish Punt	-	N/A	0.766573

Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for Mar.5

CURRENCY MOVEMENTS

Mar.6	Bank of England Index	Morgan** Guaranty Changes %
Sterling	88.0	-23.7
U.S Dollar	68.0	-9.7
Canadian Dollar	102.8	-0.5
Austrian Schilling	109.7	+11.9
Belgian Franc	110.4	-2.9
Danish Krone	109.7	+4.1
Deutsche Mark	118.6	+24.7
Swiss Franc	109.6	+17.9
Guilder	114.5	+16.4
French Franc	104.0	-12.3
Lira	100.9	-18.3
Yen	125.2	+54.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Mar.5.

OTHER CURRENCIES

Mar.6	£	$
Argentina	8918.25-8970.00	5405.00-5455.00
Australia	2.1650-2.1670	1.3130-1.3140
Brazil	54.1905-54.3190	32.8430-32.9005
Finland	6.5980-6.6105	3.9975-4.0075
Greece	262.00-266.50	158.95-161.55
Hong Kong	12.8820-12.8955	7.8090-7.8110
Iran	117.75*	70.40*
Korea(Sth)	1132.60-1150.90	692.00-697.40
Kuwait	0.4805-0.4810	0.2920-0.2925
Luxembourg	58.30-58.40	35.30-35.40
Malaysia	4.4610-4.4720	2.7050-2.7070
Mexico	4497.90-4517.15	2726.00-2736.00
N. Zealand	2.7955-2.8005	1.6950-1.6970
Saudi Ar.	6.1766-6.1735	3.7495-3.7505
Singapore	3.0855-3.0930	1.8710-1.8730
S. Af (Cm)	4.2445-4.2560	2.5745-2.5760
S. Af (Fn)	6.2395-6.3600	3.7805-3.8535
Taiwan	43.15-43.25	26.15-26.20
U.A.E.	6.0395-6.0465	3.6715-3.6735

*Selling rate

EURO-CURRENCY INTEREST RATES

Mar 6	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15-14⅞	15⅛-14⅞	15⅛-15	15¼-15⅛	15⅜-15¼	15⅝-15½
US Dollar	8¼-8⅛	8¼-8⅛	8⅜-8¼	8⅜-8¼	8½-8⅜	8⅝-8½
Can. Dollar	12⅝-12½	12¾-12½	12⅞-12⅝	13⅛-12⅞	13-12¾	12⅞-12⅝
D. Guilder	8⅝-8½	8⅝-8½	8⅞-8¾	9-8⅞	9¼-9⅛	9⅜-9¼
Sw. Franc	8⅞-8¾	9-8¾	9⅛-9	9⅛-9¼	9⅜-9¼	9⅜-9¼
Deutschmark	7⅞-7¾	8-7⅞	8⅝-8½	8⅞-8¾	8⅞-8¾	9⅜-9¼
Fr. Franc	10⅜-10¼	10½-10¼	10⅝-10⅜	10⅞-10⅝	11-10⅞	11¼-11⅛
Italian Lira	13-11	12¼-11¾	12⅝-12⅜	13-12½	13-12⅝	13½-13¼
Belgian Franc	10⅜-10¼	10½-10¼	10⅞-10⅝	10⅝-10½	10⅞-10⅝	11-10⅞
Yen	6⅝-6½	6⅞-6⅝	7⅛-7	7⅛-7⅛	7⅝-7½	7⅞-7¾
D.Krone	12⅛-11⅞	12⅜-12⅛	12⅝-12⅜	12⅝-12⅜	12¾-12⅝	12⅞-12⅝
Asian $Sing	8⅛-8⅛	8⅛-8⅛	8⅜-8⅛	8⅜-8⅛	8½-8⅜	8⅝-8½

Long term Eurodollars: two years 9⅛-9 per cent; three years 9¼-9⅛ per cent; four years 9⅜-9¼ per cent; five years 9⅜-9⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

Mar.6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6425-1.6540	1.6495-1.6505	0.95-0.93cpm	6.84	2.71-2.68pm	6.53
Canada	1.9535-1.9670	1.9560-1.9570	0.34-0.26cpm	1.83	0.96-0.84pm	1.83
Netherlands	3.14¼-3.16¼	3.15¼-3.16¼	1⅝-1½cpm	6.41	4⅞-4¾pm	6.10
Belgium	57.90-58.50	58.30-58.40	28-17cpm	4.63	75-57pm	4.53
Denmark	10.71¼-10.79¼	10.75¼-10.76¼	3¼-2¼orepm	3.34	8½-7¼pm	2.93
Ireland	1.0475-1.0560	1.0525-1.0535	0.37-0.32ppm	3.93	0.79-0.69pm	2.81
W. Germany	2.79¾-2.81	2.80½-2.81	1⅝-1½pfpm	6.69	4⅝-4½pm	6.51
Portugal	245.35-247.60	246.45-247.45	5-22cdis	-0.66	109-161dis	-2.19
Spain	179.45-180.65	180.25-180.55	13-3cpm	0.53	19-7pm	0.29
Italy	2061-2072	2070¼-2071¼	5½-2½lirepm	2.39	13¾-10pm	2.29
Norway	10.77¾-10.85¼	10.82¼-10.83¼	3¾-3orepm	3.67	9¼-8¾pm	3.41
France	9.43½-9.50	9.48¼-9.49¼	3⅞-3⅜cpm	4.75	10¼-9⅞pm	4.24
Sweden	10.08½-10.15¼	10.12½-10.13½	½-par orepm	0.30	1½-½pm	0.39
Japan	246-247¾	246¾-247¾	1⅝-1½ypm	7.59	4⅝-4½pm	7.39
Austria	19.63-19.76	19.72-19.75	11⅞-11⅜gropm	6.99	32⅛-30¼pm	6.38
Switzerland	2.46½-2.48	2.47-2.48	1⅜-1¼cpm	6.37	3¾-3⅝pm	5.86
ECU	1.3700-1.3790	1.3720-1.3730	0.53-0.50cpm	4.43	1.43-1.38pm	4.02

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.34-5.29cpm 12 Months 9.65-9.55cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Mar.6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6425-1.6540	1.6495-1.6505	0.95-0.93cpm	6.84	2.71-2.68pm	6.53
Ireland†	1.5645-1.5725	1.5650-1.5660	0.44-0.39ppm	3.17	1.58-1.48pm	3.90
Canada	1.1850-1.1900	1.1860-1.1870	0.48-0.51cdis	-5.00	1.39-1.44dis	-4.77
Netherlands	1.9060-1.9170	1.9155-1.9165	0.05-0.07cdis	-0.38	0.20-0.23dis	-0.45
Belgium	35.10-35.40	35.30-35.40	3.50-9.50cdis	-2.21	13.00-23.00dis	-2.04
Denmark	6.49½-6.53	6.52-6.52½	2.05-2.25oredis	-3.96	6.00-6.50dis	-3.84
W. Germany	1.6920-1.7020	1.7005-1.7015	0.05-0.03pfpm	0.28	par-0.03dis	-0.04
Portugal	149.45-149.65	149.55-149.65	90-100cdis	-7.63	310-330dis	-8.56
Spain	108.90-109.35	109.25-109.35	56-61cdis	-6.44	173-180dis	-6.48
Italy	1249½-1256¼	1254¼-1255¼	4.00-5.00liredis	-4.31	12.50-14.50dis	-4.31
Norway	6.54-6.56½	6.56-6.56½	1.65-1.90oredis	-3.25	5.00-5.40dis	-3.18
France	5.72¼-5.75¼	5.74¼-5.75¼	0.99-1.04cdis	-2.12	3.25-3.35dis	-2.30
Sweden	6.11¾-6.14¾	6.13¾-6.14¼	3.30-3.45oredis	-6.61	9.50-9.85dis	-6.32
Japan	149.20-149.90	149.75-149.85	0.15-0.13ypm	1.12	0.38-0.36pm	0.99
Austria	11.92-11.95½	11.95-11.95½	0.15pm-0.30gdis	-0.23	0.30-1.60dis	-0.32
Switzerland	1.4925-1.5005	1.4990-1.5000	0.07-0.11cdis	-0.72	0.22-0.29dis	-0.68
ECU	1.2000-1.2055	1.2005-1.2015	0.25-0.24cpm	2.44	0.76-0.73pm	2.47

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Mar.6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.4728	+0.72	+0.72	±1.5508
Danish Krone	7.79845	7.84252	+0.57	+0.57	±1.6453
German D-Mark	2.04446	2.04257	-0.09	-0.09	±1.1762
French Franc	6.85684	6.90510	+0.70	+0.70	±1.3618
Dutch Guilder	2.30358	2.30098	-0.11	-0.11	±1.5272
Irish Punt	0.763159	0.766573	+0.45	+0.45	±1.6689
Italian Lira	1529.70	1507.94	-1.42	-1.42	±1.5162
Spanish Peseta	132.889	131.347	-1.16	-1.16	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Mar.6	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.650	2.808	247.3	9.488	2.475	3.163	2071	1.957	58.35
$	0.606	1	1.702	149.9	5.750	1.500	1.917	1255	1.186	35.36
DM	0.356	0.588	1	88.07	3.379	0.881	1.126	737.5	0.697	20.78
YEN	4.044	6.672	11.35	1000.	38.37	10.01	12.79	8374	7.913	235.9
F Fr.	1.054	1.739	2.960	260.6	10.	2.609	3.334	2183	2.063	61.50
S Fr.	0.404	0.667	1.135		3.834	1	1.278	836.8	0.791	23.58
H Fl.	0.316	0.522	0.888	78.19	3.000	0.782	1	654.8	0.619	18.45
Lira	0.483	0.797	1.356	119.4	4.581	1.195	1.527	1000.	0.945	28.17
C $	0.511	0.843	1.435	126.4	4.848	1.265	1.616	1058	1	29.82
B Fr.	1.714	2.828	4.812	423.8	16.26	4.242	5.421	3549	3.354	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

	Open	Close	Change	High	Low	Yield	Open Int
March	89.10	89.14	+0.02	89.15	89.10	10.87	8,743
June	89.03	89.06	+0.01	89.09	89.02	10.94	11,939
September	89.00	89.02	-	89.05	89.00	10.98	3,669
December	88.96	88.92	-0.05	88.96	88.92	11.08	2,011

Estimated volume 7,261 Total Open Interest 26,362

CAC-40 FUTURES (MATIF)
Stock Index

	Open	Close	Change	High	Low	Open Int
March	1862.0	1865.0	-5.0	1869.0	1861.5	7,441
April	1862.0	1866.0	-4.0	1870.0	1862.0	722
May	1862.0	1862.0	-8.0	1862.0	1862.0	88
June	1870.0	1870.0	-	1870.0	1870.0	37

Estimated volume 2,350 Total Open Interest 8,288

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6500	1.6406	1.6231	1.5969	1.5540

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Mar	1.6458	1.6488	1.6448	1.6404
Jun	1.6186	1.6220	1.6180	1.6132
Sep	1.5950	1.5954	1.5940	1.5884

BASE LENDING RATES

	%		%		%
ABN Bank	15	Co-operative Bank	*15	NatWestminster	15
Adam & Company	15	Coutts & Co	15	Northern Bank Ltd	15
Allied Trust Bank	15	Cyprus Popular Bk	15	Norwich Gen. Trust	15
Allied Irish Bank	15	Dunbar Bank PLC	15	Mykredit Mortgage Bank	15½
● Henry Ansbacher	15	Duncan Lawrie	15	PRIVATbanken Limited	15
Associates Cap Corp	15½	Equatorial Bank plc	15	Provincial Bank PLC	16
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Roxburghe G'rantee	15½
Bank of Baroda	15	Financial & Gen. Bank	15	Royal Bk of Scotland	15
Banco Bilbao Vizcaya	15	First National Bank Plc.	16½	Royal Trust Bank	15
Bank Hapoalim	15	● Robert Fleming & Co.	15	● Smith & Williamson Secs.	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	Standard Chartered	15
Bank of Cyprus	15	Girobank	15	TSB	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm.Bk.N.East	15	Mount Banking	15		
		Nat Bk. of Kuwait	15		

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MONEY MARKETS

UK rates easier

INTEREST RATES declined in London as sterling improved yesterday, but underlying sentiment remained nervous, and trading was thin as dealers waited to see whether the pound could sustain its early gains. Three-month interbank fell to 15¼-15⅛ per cent from 15⅜-15¼, and 12-month money eased to 15⅝-15½ per cent from 15¹¹⁄₁₆-15⅝.

Short sterling trading was thin on the Liffe market, reflecting the general nervousness by closing near the lowest level of the day. The June contract opened unchanged at 84.83 and touched a peak of 84.89, before falling to a low of 84.81, and closing at 84.84.

UK clearing bank base lending rate 15 per cent from October 5

Credit stayed tight on the London money market. The Bank of England forecast a day-to-day shortage of £700m, but provided assistance of only £436m.

Before lunch the authorities bought £173m bills outright, by way of £10m bank bills in band 1 at 14⅞ per cent and £163m bank bills in band 2 at 14¾ per cent. In the afternoon a further £128m bills were purchased, via £14m bank bills in band 1 at 14⅞ per cent, and £114m bank bills in band 2 at 14¾ per cent. Late assistance of around £135m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £643m, with bank balances below target absorbing £150m. These factors outweighed Exchequer transactions adding £35m to liquidity and a fall in the note circulation of £60m.

In Frankfurt call money was steady at 7.85 per cent. Recent action by the Bundesbank in support of the D-Mark on the foreign exchanges has not yet had any impact on the domestic money. If the central bank buys D-Marks this tends to tighten liquidity, but dealers pointed out that the central bank can offset this with its allocation of funds at repurchase agreement tenders.

The result of the next tender will be made known today. The Bundesbank has offered money to the market via a 35-day repurchase pact, at variable bid rates. This replaces an earlier facility of DM18.4bn expiring today, and the market generally expects the authorities to replace this amount in full.

Banks remain well supplied with liquidity - their reserve holdings were a relatively high DM63.5bn for the first four days of March - but could find problems later this month as large seasonal tax payments take money out of the market.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.6) 3 months US dollars		6 months US Dollars	
bid 8⅜	offer 8½	bid 8⅜	offer 8½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

Prime rate	10	One month	8.07	Three year	8.58
Broker loan rate	9¾	Two month	7.84	Four year	8.64
Fed funds	8⅜	Three month	8.15	Five year	8.60
Fed.funds at intervention	-	Six month	8.23	Seven year	8.67
		One year	8.29	10-year	8.63
		Two year	8.57	30-year	8.63

Mar.6	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.80-7.90	8.20-8.30	8.25-8.35	8.35-8.50	8.80-8.95	8.00
Paris	10¼-10⅜	10⅜-10½	-	10⅝-10¹¹⁄₁₆	-	10.00
Zurich	8¾-8⅞	8⅞-9¼	-	9-9¼	-	-
Amsterdam	8.56-8.68	8.70-8.80	-	8.80-8.90	-	-
Tokyo	6⅞-6⅞	7¼-7⅜	-	7⅜-7⅜	-	-
Milan	12¾-13⅛	13-13¼	-	13⅛-13⅜	-	-
Brussels	10.75	10⅜-10⅝	-	10⅝-10⅞	-	-
Dublin	10⅞-11	11⅞-11⅝	12⅛-12⅜	12⅝-12⅞	12⅞-13	-

LONDON MONEY RATES

Mar 6	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	16	15	15⅛	15⅜	15½	15⅝
Interbank Bid	14¾	14⅞	15	15¼	15⅜	15½
Sterling CDs.	-	-	15⅛	15⅛	15¼	15¼
Local Authority Deps.	14¾	14⅞	15	15¼	15⅜	15½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15¾	14⅞	14⅞	14⅞	-	-
Company Deposits	-	-	15⅛	15⅜	15⅝	15⅝
Finance House Deposits	-	-	15⅛	15⅜	15⅝	15⅝
Treasury Bills (Buy)	-	-	14⅞	14⅞	-	-
Bank Bills (Buy)	-	-	14⅞	14⅞	14⅞	-
Fine Trade Bills (Buy)	-	-	15⅜	15⅝	14⅞	-
Dollar CDs.	-	-	8.33	8.37	8.45	8.75
SDR Linked Dep. Offer	-	-	9	9¼	9⅜	9½
SDR Linked Dep. Bid	-	-	8⅞	9⅛	9¼	9⅜
ECU Linked Dep. Offer	-	-	10¾	11⅛	11½	11¾
ECU Linked Dep. Bid	-	-	10⅝	11	11⅜	11⅝

Treasury Bills (sell); one-month 14¹³⁄₁₆ per cent; three months 14⅞ per cent; Bank Bills (sell): one-month 14¹³⁄₁₆ per cent; three months 14¹³⁄₁₆ per cent; Treasury Bills: Average tender rate of discount 14.4945 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 28 1990. Agreed rates for period March 26 1990 to April 24, 1990, Scheme I: 15.87 p.c., Schemes II & III: 16.41 p.c. Reference rate for period Feb.1,1990 to February 28, 1990, Scheme IV&V: 15.141 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from March 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct.9,1989. Deposits withdrawn for cash 5 per cent.

JOTTER PAD

CROSSWORD

No.7,182 Set by GRIFFIN

ACROSS

1 Where peer drops article in litter container (6)
4 Made unhappy, needs dad to come round (8)
9 When rejecting one a grunt is sufficient! (6)
10 Opening in Sid's new plays (8)
12 Scores of knots get left in (8)
13 Crumple when captured by some Indians (6)
15 Discharge Bond for coming back without "M" (4)
16 Man outside Northern church (7)
20 Sleep around, less fortunate (7)
21 Fairy returns with a tiny jumper (4)
25 Timber supplier is common, not upper-class (6)
26 Giver freely admits money is fascinating (8)
28 One painting lines with great skill (8)
29 Empty tin into tank (6)
30 Dawn's 24-hour holiday (8)
31 Correspondence for landlord? (6)

DOWN

1 Be rather poorly and rest (8)
2 Curly hair does here (8)
3 Work inside in back street bars (6)
5 A number raised deer (4)
6 Left outside some act (8)
7 Usual loan fixed to cover upstanding man (6)
8 Frustrated father embraces girl (6)
11 She is into cooked meals (7)
14 Church cat is scampering round recluse (7)
17 Care – lens requires flipping dirt remover! (8)
18 Inclination to accept assorted mail for applicant (8)
19 Girl has anything in red turned up (8)
22 Hilly country up and around Leatherhead (6)
23 One doesn't care to show it (6)
24 Warning – we turn in in the nude! (6)
27 District engineers in motoring organisation (4)

Solution to Puzzle No.7,181

NOMADS FLARESUP; GOVERN DURATION; THRUST DRAUGHTS; VICTOR; NEEDLES; SCORER; APOSTLES SLIPUP; GREENOCK BIKINI; STANDARD AGREES

WORLD STOCK MARKETS

AUSTRIA — BELGIUM/LUXEMBOURG — DENMARK — FINLAND — FRANCE — FRANCE (continued) — GERMANY — GERMANY (continued) — ITALY — ITALY (continued) — NETHERLANDS — NORWAY — SPAIN — SWEDEN — SWITZERLAND — SOUTH AFRICA — JAPAN — AUSTRALIA — AUSTRALIA (continued) — HONG KONG — MALAYSIA — SINGAPORE

[illegible]

CANADA

TORONTO
2pm prices March 6

Sales	Stock	High	Low	Close	Chng
600	Cara	$16	15⅞	16	
4750	Celanese	$28	27⅞	28	+ ⅛
4153	Cen Capital	$10¼	10¼	10¼	− ¼
4900	CenCap A	$9½	9⅜	9⅜	
300	CentFd A	$6½	6½	6½	− ¼
2800	C Gear Tro	$9⅞	9⅞	9⅞	− ⅛
6400	Cheran	30	28	30	
3	CHUM B f	$21⅞	21⅞	21⅞	
3750	H Bay Co	$29⅞	29¾	29⅞	− ⅛
44200	Imasco L	$35	34⅞	35	
9337	Imp Oil A	$63	62⅞	62⅞	+ ⅛
188117	Inco	$31¼	30⅛	30½	− ⅜
1400	Innopac	$7⅞	7⅞	7⅞	+ ⅛
20164	Inter City	$23¾	23⅜	23⅜	
2800	Interhome	$46½	46¼	46½	+ ⅛
500	Inv Grp	$23½	23½	23½	
300884	Placer Dm	$22	21⅞	21¾	− ⅛
17551	Poco Pet	$7⅞	7⅞		
39008	Powr Cor f	$15¼	15⅛	15⅛	
300	Powr Fin	$20½	20½	20½	
17853	Provigo	$9⅞	9⅞	9⅞	− ⅛
108	Que Tel	$14⅞	14⅞	14⅞	
61672	Ranger	$7½	7¼	7¼	− ¼
3500	Rayrock f	$9⅝	9½	9⅝	− ⅛
8000	Wst Fraser	$19	19	19	
3825	Wcoast E	$20⅞	20½	20½	− ⅜
4800	Westmin	$7½	7½	7½	
6000	Weston	$39⅞	39¼	39⅞	− ⅛
11500	Woodwd A	220	220	220	+ 2

[illegible]

f—No voting rights or restricted voting rights.

INDICES

NEW YORK

DOW JONES	Mar 5	Mar 2	Mar 1	Feb 28	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2649.55	2660.36	2635.59	2627.25	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	90.79	90.89	91.00	91.19	94.15 (2/8/89)	87.35 (23/3/89)	—	—
Transport	1139.40	1145.98	1133.89	1129.09	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	218.37	219.63	219.13	220.38	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2675.23 (2669.82) Low 2636.71 (2630.18)

STANDARD AND POOR'S	Mar 5	Mar 2	Mar 1	Feb 28	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	333.74	335.54	332.74	331.89	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	384.49	386.25	383.02	382.02	411.20 (2/1/90)	318.66 (3/1/89)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	28.72	29.11	28.90	28.84	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	184.15	184.97	183.52	183.07	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	356.64	356.12	354.84	352.90	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	430.15	431.02	427.21	425.83	485.73 (9/10/89)	378.56 (3/1/89)	485.73 (9/10/89)	54.87 (31/10/72)

	Mar 2	Feb 23	Feb 16	year ago (approx.)
Dow Industrial Div. Yield	4.11	4.26	4.14	3.70
	Feb 28	**Feb 21**	**Feb 14**	**year ago (approx.)**
S & P Industrial div. yield	3.13	3.16	3.11	3.23
S & P Ind. P/E ratio	14.47	14.32	14.21	12.68

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Texas Utilities	4,309,100	34⅞	− ⅛
Am Express	3,433,700	27⅞	− 1⅞
Philip Morris	2,312,100	37⅞	+ ½
Gen Electric	1,557,100	61¾	− ⅛
IBM	1,377,300	105	+ ⅛
Am T & T	1,354,200	39⅞	− ½
Pfizer	1,333,000	59⅞	− 2⅛
Gen Motors	1,221,800	45¼	− ⅛
Exxon	1,132,300	46¼	− ⅛

TRADING ACTIVITY

† Volume (Millions)	Mar 5	Mar 2	Mar 1
New York	140.110	164.330	157.930
Amex	10.683	14.964	14.446
NASDAQ	110.996	132.375	134.245
Issues Traded	1,969	1,960	1,955
Rises	667	979	837
Falls	827	476	638
Unchanged	475	505	480
New Highs	27	28	30
New Lows	30	24	36

CANADA

TORONTO	Mar 5	Mar 2	Mar 1	Feb 28	1989/90 HIGH	1989/90 LOW
Metals & Minerals	3151.15	3133.53	3094.08	3010.87	3919.2 (1/9/89)	2921.03 (23/2/90)
Composite	3711.97	3707.42	3700.15	3686.70	4037.8 (6/10/89)	3350.5 (6/1/89)
MONTREAL Portfolio	1898.44	1896.80	1888.32	1880.99	2069.68 (10/10/89)	1677.48 (3/1/89)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Mar 6	Mar 5	Mar 2	Mar 1	1989/90 HIGH	1989/90 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1580.4	1581.3	1568.2	1570.5	1781.8 (29/8/89)	1412.9 (7/4/89)
All Mining (1/1/80)	805.1	800.3	793.3	793.5	875.1 (29/8/89)	652.6 (7/4/89)
AUSTRIA						
Credit Aktien (30/12/84)	659.93	658.86	659.05	662.04	663.28 (19/2/90)	219.5 (2/1/89)
BELGIUM						
Brussels SE (1/1/80)	5807.88	5776.79	5753.93	5727.33	6805.28 (26/9/89)	5519.30 (4/1/89)
DENMARK						
Copenhagen SE (3/1/83)	369.98	367.16	364.93	362.89	380.32 (5/2/90)	275.49 (27/2/89)
FINLAND						
Unitas General (1975)	654.4	654.7	648.4	650.3	815.8 (18/4/89)	580.8 (23/12/89)
FRANCE						
CAC General (31/12/82)	504.47	504.87	496.85	497.79	561.6 (11/10/89)	417.9 (4/1/89)
CAC 40 (31/12/87)	1872.30	1874.43	1860.48	1832.44	2006.42 (4/1/90)	1525.38 (27/2/89)
GERMANY						
FAZ Aktien (31/12/58)	762.80	769.41	757.55	753.79	807.13 (5/2/90)	535.78 (27/2/89)
Commerzbank (1/12/53)	2223.1	2242.9	2208.2	2197.4	2370.8 (6/2/90)	1595.7 (27/2/89)
DAX (30/12/87)	1822.22	1833.16	1818.23	1787.87	1939.43 (5/2/90)	1271.70 (23/2/89)
HONG KONG						
Hang Seng Bank (31/7/64)	2933.23	2938.68	2937.93	2933.13	3309.64 (15/5/89)	2093.61 (5/6/89)
IRELAND						
ISEQ Overall (4/1/88)	1753.26	1772.34	1790.06	1797.44	1893.10 (22/1/90)	1360.64 (10/1/89)
ITALY						
Banca Com. Ital. (1972)	667.55	655.71	659.79	654.50	734.84 (31/8/89)	577.49 (28/2/89)
JAPAN						
Nikkei (16/5/49)	33791.08	33845.20	34057.56	33829.58	38915.87 (29/12/89)	30183.79 (5/1/89)
Tokyo SE (Topix) (4/1/68)	2536.37	2535.48	2541.97	2536.01	2884.80 (18/12/89)	2366.91 (6/1/89)
2nd Section (4/1/68)	4167.63	4157.27	4153.38	4180.36	4284.68 (9/2/90)	2774.38 (27/3/89)
MALAYSIA						
KLSE Composite (4/4/86)	599.71	605.26	603.64	600.20	622.20 (20/2/90)	357.31 (3/1/89)
NETHERLANDS						
CBS TU.Rtn.Gen.(End 1983)	244.1	244.6	245.9	242.9	272.7 (21/9/89)	208.3 (3/1/89)
CBS All Shr (End 1983)	187.3	187.7	188.7	186.3	210.5 (8/9/89)	166.7 (1/3/89)
NORWAY						
Oslo SE (2/1/83)	829.30	817.38	800.85	794.80	829.30 (6/3/90)	467.17 (2/1/89)
PHILIPPINES						
Manila Comp (2/1/85)	1023.86	1014.09	1028.32	1016.21	1396.26 (28/11/89)	804.62 (6/2/89)
SINGAPORE						
SES All-Singapore (2/4/75)	427.56	429.46	429.46	427.70	443.34 (6/2/90)	300.07 (4/1/89)
SOUTH AFRICA						
JSE Gold (28/9/78)	1975.0	1895.0	1879.0	1885.0	2254.0 (12/12/89)	1291.0 (15/2/89)
JSE Industrial (28/9/78)	2976.0	2985.0	2975.0	2982.0	3211.0 (6/2/90)	1961.0 (3/1/89)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	857.58	865.22	884.07	(c)	1007.80 (3/4/89)	833.81 (26/2/90)
SPAIN						
Madrid SE (30/12/85)	271.28	271.74	271.18	271.52	328.93 (13/9/89)	258.61 (1/3/89)
SWEDEN						
Affarsvärlden Gen. (1/2/37)	1162.50	1160.30	1163.80	1166.60	1372.95 (16/8/89)	1021.96 (9/1/89)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	755.4	(u)	754.0	749.4	829.1 (6/9/89)	613.1 (3/1/89)
TAIWAN**						
Weighted Price (30/6/66)	11462.14	11019.36	11436.99	11419.85	12495.34 (10/2/90)	4873.01 (5/1/89)
THAILAND						
Bangkok SET (30/4/75)	804.47	813.98	811.24	812.94	918.67 (5/1/90)	386.73 (2/1/89)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	511.9	512.9	510.7	571.8 (4/1/90)	487.6 (13/6/89)

**Saturday Mar. 3: Taiwan Weighted Price: 11379.79 Korea Comp Ex. 881.44

& Subject to official recalculation.

δBase values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday March 6 1990

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Okumura	10.4m	1,870	-10	Kawasaki Steel	7.8m	698	+4
NKK	9.1m	857	-8	Seto Kogyo	7.4m	2,170	-10
Nippon Steel	8.2m	681	-2	Tokyo Steel	6.1m	5,620	+20
Maeda Rd Constr.	8.0m	2,910	+60	Showa Alminm	5.6m	1,170	+80
Kobe Steel	7.8m	736	+10	Honshu Paper	5.4m	1,740	+70

3pm prices March 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
37½	28	AAR	.48	1.5	18	60	31¾	31½	31⅝	-⅛
9⅝	8½	ACM n	1.26	14.		119	9⅛	9⅛	9⅛	+⅛
11⅝	10½	ACMIn	1.26	11.		244	11⅛	11	11	
9⅞	7⅞	ACM M	n1.01	13.		237	8⅛	8	8	-⅛
12⅛	11½	ACMMM				134	11⅞	11¾	11⅞	
11½	10	ACM Sc	1.26	11.		598	11⅛	10⅞	11	-⅛
9¾	8⅛	ACMSp	1.01	11.		298	9⅛	9	9⅛	
22¼	13	AL Lab	.16	.7	21	238	22	21¾	22	
4⅛	3⅛	AMCA	.12e	3.7	41	16	3¼	3¼	3¼	
6⅛	3⅜	AM Intl			12	1809	3¾	3⅝	3⅝	-⅛
29½	16⅝	AM In pf	2	12.		21	17	16⅝	16⅝	-⅛
107¼	62½	AMR			9	2224	62¾	61⅝	62⅛	+⅛
5½	3⅛	ARX				97	3⅞	3⅝	3⅞	+¼
72⅞	39	ASA	3a	5.7		1448	53⅛	52⅞	52⅞	+⅜
70⅞	50⅜	AbtLab	1.40	2.2	17	1774	64⅞	64⅛	64⅜	+⅜
17¼	11¼	AbitIbi g	.60			24	13⅛	12⅞	13⅛	+¼
13	8⅞	AcmeC	.40	4.1	11	7	9¾	9⅝	9⅞	
9¾	6⅞	AcmeE	.32	3.8	12	33	9	8⅞	9	+⅛
38½	27	Acuson			21	352	33⅝	33¼	33⅝	+¼
16½	12⅞	AdaEx	2.06e	13.		39	15⅞	15⅝	15¾	+⅛
15⅝	7¼	Adobe				41	13⅜	13⅛	13⅛	-¼
20⅝	16⅞	Adob pf	1.84	9.8		1	18⅞	18¾	18¾	
21⅝	19⅞	Adob pf	2.40	11.		9	21¼	21⅛	21⅛	
10½	6⅞	AMD			7	5422	9⅝	9⅛	9⅛	-⅜
35	28¼	AMD pf	3	10.		180	30¼	30	30	+⅜
10½	5	Advest	.16	2.5	9	12	6½	6⅜	6⅜	-¼
62½	48½	AetnLf	2.76	5.5	9	819	50¼	49¾	50¼	+¼
14	9⅞	AffPb	.24	2.3		339	10⅞	10⅜	10⅜	-¼
25	18⅛	Ahmans	.88	4.6	10	2283	19⅜	19	19⅛	+⅜
60¼	40	AirPrd	1.32	2.8	12	546	47	46½	47	+½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from previous Page

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Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices March 6

NASDAQ NATIONAL MARKET

3pm prices March 6

FINANCIAL TIMES
Wednesday March 7 1990

AMERICA

Dow edges up despite programme trades

Wall Street

AFTER AN early bout of programme selling, US equities moved higher to register modest gains at midsession, writes Janet Bush in New York.

At 2 pm, the Dow Jones Industrial Average was 11.26 higher at 2,660.81 on slow trading of 80m shares at midsession. On Monday, the Dow had dipped 10.81 to 2,649.55.

Bucking the moderately firmer trend was the over-the-counter market, where the Nasdaq Composite was quoted 0.98 points lower at midsession at 429.17.

To an extent, the stock market moved in tandem with Treasury bonds during the morning session. Stocks recovered from a fall of about five points in morning trading as bonds moved higher, supported by a rebound in the dollar close to its session highs in spite of intervention by both the Bank of Japan and the US Federal Reserve. However, bonds slipped again and which for a while stemmed the Dow's cautious advance.

The only domestic economic news of importance was a report that US factory orders fell 5.4 per cent in January. This was in line with analysts' expectations. Far more important for both markets will be Friday's February employment figures, although there are few who believe that any change in Fed monetary policy is imminent in either direction.

There were reports yesterday from the meeting in Kanawa, Japan, of the Organisation for Economic Co-operation and Development that the conference saw the need for "less ease" in world monetary policies, because the risks of world inflation were greater than the threat of a global recession.

Among featured issues was Pinnacle West Capital, which jumped $1⅞ to $13⅝ on news that PacifiCorp had submitted a sweetened takeover proposal, which Pinnacle rejected. The new offer involved the swap of 0.88 of a share of its common stock for each Pinnacle share. PacifiCorp fell $⅛ to $21⅞.

First Fidelity Bancorp added $1 to $23¼ after the company said that it planned to lay off 1,400 employees or about 10 per cent of its total workforce and that it would therefore take a first quarter charge of $23m.

May Department Stores gained $⅝ to $47¼ after the company announced net fourth quarter income from continuing operations of $2 a share. This was in line with forecasts but the company also said that its management would recommend increasing the quarterly dividend without specifying so much.

Circuit City Stores rose $⅝ to $23¼ after reporting that its sales in February were 25 per cent higher than a year ago.

The over-the-counter market was depressed by a sharp fall in Lin Broadcasting as the offer by McCaw Cellular Communications expired. Lin Broadcasting shares plunged $19⅞ to $82⅛ while McCaw slipped $⅛ to $31⅞.

This drastically lower price represents the 48 per cent of Lin's equity which McCaw is not acquiring, plus the value of a McCaw stock dividend to pay to Lin shareholders.

Penwest, the manufacturer of paper-making chemicals, added $¼ to $35¼ after the company said that it could earn as much as 36 cents a share in the second quarter compared with 9 cents a share in the same quarter a year ago.

BRAZIL responded to a sharp drop in overnight interest rates with an advance of about 8.5 per cent yesterday. This followed a gain by the Sao Paulo Bovespa index of 10.8 per cent in local currency terms (8 per cent in dollar-adjusted terms) on Monday. The market also welcomed a prediction by the new finance minister of a much lower inflation rate after Mr Fernando Collor de Mello takes up his presidency on March 15.

Canada

QUIET TRADING saw Toronto stocks slip by midday yesterday, with the composite index down 4.2 at 3,707.8 on volume of 11.3m shares.

Royal Bank slipped C$¼ to C$22⅞ after releasing lower first quarter earnings. Noranda lost C$⅛ to C$21⅞; the company said it was still negotiating with workers at the Horne copper division in Quebec, but no talks had been scheduled for next week.

Among active stocks, Bank of Nova Scotia was flat at C$13⅞, MacMillan lost C$⅛ to C$18¼ and Toronto-Dominion and National Bank were unchanged at C$18¼ and C$10 respectively.

ASIA PACIFIC

Worries about company profits wipe out gains

Tokyo

A LATE, nervous reaction to negative news wiped out early gains yesterday and left the market with a moderate loss at the close, writes Michiyo Nakamoto in Tokyo.

The Nikkei average turned higher in early trading, buoyed by a stronger yen and firmer bond prices. But after reaching a high of 33,989.39, the index retreated to finish down 54.12 at 33,791.08. The day's low was at 33,729.89. Advancing issues led declining ones by 497 to 449, and a further 179 issues were unchanged.

Volume improved to 562m shares from the 422m traded on Monday. The Topix index of all listed shares added a minimal 0.89 to 2,536.37 and, in London trading, the ISE/Nikkei 50 index rose 0.75 to 1,847.02

Individual investors, who have been increasing their activity recently, took the lead again yesterday, hunting for bargains and buying a wide variety of issues.

By the afternoon, however, caution set in and activity slowed down. Investor sentiment was shaken by rumours in mid-afternoon that a leading machinery maker was revising its earnings estimates downwards. The rumours affected other issues, including construction stocks which had been rising on expectations of good earnings.

The market has reacted negatively to news which, in other times, would have been taken as positive, said an analyst at Nomura Securities. The double-digit increase in Japan's money supply for January, for example, became a source of inflation worries. In the past, when the market was more buoyant, investors saw a strong increase in money supply as good news on the grounds that this would mean a greater inflow of funds.

Mitsukoshi, a leading department store, lost Y10 to Y2,110; the recent market weakness led the company to cancel its planned public offering of new shares one day before the scheduled payment date.

Among constructions, Okumura, first on the volumes list with 10.4m shares, lost Y10 to Y1,870 and Sato Kogyo retreated Y10 to Y2,170 in active trading. Maeda Road Construction, however, saw substantial activity and posted a gain of Y60 to Y2,910.

Large-capital steels suffered losses, with NKK, second in volume at 9.1m shares, down Y3 at Y657.

Profit-taking took the OSE average in Osaka down 41.84 to 36,425.36. Volume rose substantially to 80.5m shares from the 51.7m traded on Monday.

THE MALAYSIAN finance minister, Daim Zainuddin, said yesterday that it would take time for the Kuala Lumpur Stock Exchange (KLSE) to sort out problems with missing scrip, which some estimates value at M$200m.

The problem stems from the unexpected volume of business since Malaysia split from the Singapore Stock Exchange in January. Daily volume in January averaged 124m shares, up from 85m in December. Analysts say that the KLSE cannot cope with the volume of paper created by its scrip system, in which stock transactions are confirmed by issuing paper representing shares, usually in lots of 1,000, to both buyer and seller.

The analysts say that the KLSE has given priority to foreign institutional investors for scrip delivery, and that the effects of the problem have been felt by small local investors. The market plans to move to a scripless system byearly in 1991.

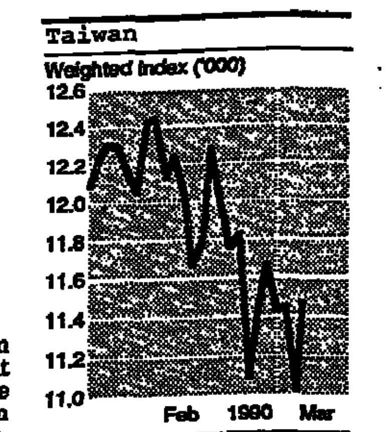
Yesterday, the composite index dropped 5.55 to 599.71.

Roundup

THE VOLATILE Taiwanese market rose sharply yesterday, but most other Asia Pacific markets were little changed in quiet trading.

TAIWAN rallied sharply on rumours that a dissident slate of candidates from the ruling Nationalist Party would withdraw from the presidential elections scheduled for later this month. Pre-election political uncertainty had cast a pall over the market recently.

Taiwan



The weighted index, which fell 281.37 on Monday, bounced back by 442.78, or 4 per cent, to 11,462.14. Industrials registered steep gains, particularly textiles and plastics, which dropped sharply last week.

Formosa Plastics added NT$6 to NT$97 and Nan Ya Plastics rose NT$5.50 to NT$86.50.

AUSTRALIA closed mixed, consolidating Monday's gains. Trading remained thin before the March 24 election. The All Ordinaries index fell 0.9 to 1,580.4 in volume of 66m shares.

The market is waiting for interest rate uncertainties to be resolved. Mr Paul Keating, Australia's Treasurer, said that further falls in rates could occur soon, but not until after the election.

News Corp, which has fallen sharply this year, rose 15 cents to A$10.15 on turnover of 1.4m shares. Its fellow conglomerate, Elders IXL, slumped 9 cents to A$2.19 on turnover of 1.8m shares. The company is expected to announce a corporate restructuring soon.

NEW ZEALAND closed little changed in quiet trading, with the Barclays index off 0.97 at 1,813.87. Turnover rose to 8.9m shares from 4.2m shares on Monday. Elders Resources topped market volume on the reports of a possible restructuring by its Australian parent. It closed steady at NZ$1.89 on turnover of 2.2m shares.

SINGAPORE rose modestly in light trading as persistent softness in Tokyo continued to weigh on the market. The Straits Times index crept up 0.10 to 1,552.55 in low volume.

Singapore Steamship Land fell 18 cents to S$3.50 following the annual results below market expectations.

EUROPE

Steel stocks return to international favour

A RETURN to favour for steel stocks vied with Nordic activity as a focus for the investment community yesterday, writes Our Markets Staff.

BRUSSELS opened the new account with a a surge in steel issues, and the cash index rose 31.09 to 5,807.88. Volume was low overall; but steels have come back into favour on forecasts of an imminent end to de-stocking, and restructuring prospects in eastern Europe.

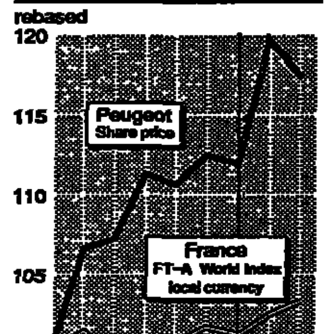
Among the steelmakers, Arbed rose BFr245 to BFr4,700 in extremely active trade and Clabecq gained BFr210 to BFr3,600. Cockerill Sambre, which had fallen on Monday, belatedly joined the rush on stories that it was about to report better profits. It rose BFr9 to BFr195.

COPENHAGEN was tugged higher by the continued strength of AP Möller, the shipping group, amid speculative buying before the corporate results season. The bourse index rose 2.82 to 369.98.

AP Möller's twin holding companies, D/S Svendborg and D/S 1912, both closed at record levels. Svendborg rose DKr5,000 to DKr161,000 and 1912 climbed DKr2,500 to DKr108,000. One analyst said the two issues had attracted buyers from Sweden and Norway, who believed that the stocks were trading below asset value and that this would be revealed when EC regulations forced Möller to publish fuller accounts.

OSLO shrugged off a rise in domestic interest rates to climb to a further record, led by a surge in industrial and shipping issues. The all-share index added 7.91 to 632.14 in heavy volume worth SKr782.7m.

HELSINKI forest stocks rose on news that United Paper Mills and Rauma-Repola planned to merge, but the rest of the market was little moved and the Unitas index edged up 1.1 to 654.4. UPM and Rauma were suspended all day.



FRANKFURT continued its crabwise approach to the East German elections on March 18. Share prices showed a late improvement instead of Monday's late decline, but they still ended lower on the day. The *DAX index fell 12.14 to 1,822.22* after a drop of 6.61 to 762.80 in the FAZ at midsession.

Chemicals were harder hit than most, with Bayer leading the way down at DM313, off DM6.80; but the sector was in line for profit-taking after a period of recent strength.

Volume fell from DM7bn to DM5.6bn. However, some West German steel shares enjoyed what traders called large Japanese buy orders. Hoesch firmed DM4.50 to DM320 and Thyssen ended only DM1.60 lower at DM309.90 after giving up earlier gains.

In engineering, MAN tumbled DM21 to DM443, but KHD edged up 50 pfg to DM258.50 following news of a farm machinery joint venture with an East German company.

MILAN was enlivened by speculation sparked by funding arangements for the acquisition by Gaic, the holding company of Mr Camillo de Benedetti, of 51 per cent of La Fondiaria Assicurazioni from Ferruzzi Finanziaria.

Banca Commerciale Italiana (BCI) is underwriting part of Gaic's L3,400bn capital increase, and Fondiaria rose L1,500 to L56,000 on thoughts that BCI might take a stake in the Florence-based insurance company. BCI rose L85 to L4,775.

Elsewhere, Fiat closed L60 higher at L10,210 in late trading, after the Comit index *closed 1.61 higher at 667.55.*

AMSTERDAM was again discouraged by bond market weakness and finished little changed in quiet trading. The CBS tendency index edged up 0.1 to 107.4.

There were a few exceptions to the lower trend, with Hoogovens, the steelmaker, gaining Fl 2.40 to Fl 72.90 on rumours that the company would pay a higher 1989 dividend than some analysts had expected. Akzo, the chemical company, added Fl 1.90 to Fl 122.60 following its profit rise announced last week.

PARIS was barely changed in light turnover as bond prices weakened, with the CAC 40 index slipping 2.13 to 1,872.30.

Peugeot again came high up the list of most active stocks, with 248,300 shares changing hands. The stock gained FFr15 during the day, but closed unchanged at FFr825. The day's biggest volume was in Suez, the financial stock, which advanced FFr5.40 to FFr441 with 431,100 shares traded.

The second most active stock was Eurotunnel, which slipped 65 centimes to FFr54.75 following Monday's statement by Mr André Bénard, the chairman, that the Channel tunnel project would need at least another FFr15bn of extra funding.

Carrefour, the retailer, lost FFr45 to FFr3,190 before announcing its 1989 profits, which increased by 30 per cent. Pechiney International picked up FFr4.1 to FFr154.4, on volume of 125,000 shares, after buy recommendations from some analysts recently.

STOCKHOLM closed with the Affärsvärlden index up 2.2 at 1,162.5 in thin trade, as interest focused on Volvo, which saw its free Bs fall SKr7 to SKr388 before a disappointing set of results came out after hours.

SOUTH AFRICA

DE BEERS soared in heavy trading in Johannesburg, dragging the rest of the market up with it. The diamond producer, which reported net attributable profits for 1989 up 38 per cent, rose R10 to a record R84 in heavy volume. The JSE composite index climbed 105 to 3,108.

In mining financials, Anglo American, the De Beers associate, closed R8 up at R131 after touching R137 and Johnnies firmed R5.50 to R54.

IFC EMERGING MARKETS INDICES

Market	No. of stocks	PRICE: January 1990	% Change on Dec '89 (Dollar terms)	% Change on Dec 31 '88 (Dollar terms)	January 1990	% Change on Dec '89 (Local currency terms)	% Change on Dec 31 '88 (Local currency terms)	TOTAL RETURN: January 1990	% Change on Dec '89 (Dollar terms)	% Change on Dec 31 '88 (Dollar terms)
Latin America										
Argentina	(24)	193.1	−54.0	8.7	1,925,789	−39.10	11,899.6	293.3	−54.0	48.8
Brazil	(56)	129.2	0.5	40.0	697,502.4	56.9	3,278.6	190.9	1.1	50.9
Chile	(26)	649.7	5.0	42.1	1,436.2	2.2	63.0	1,109.6	5.7	59.7
Colombia	(21)	232.4	−0.1	5.8	887.2	2.8	36.6	413.1	0.5	15.0
Mexico	(52)	592.7	2.8	70.6	8,307.1	3.8	99.3	790.2	2.9	76.3
Venezuela	(13)	68.1	−9.2	−41.2	394.7	−9.2	−31.3	81.7	−9.1	−39.3
East Asia										
South Korea	(61)	451.2	−3.5	−6.4	374.0	−2.3	−6.3	769.9	−3.4	−2.4
Philippines	(18)	1,833.8	−4.9	49.8	2,018.5	−5.0	57.4	2,300.8	−3.0	54.6
Taiwan, China	(62)	1,699.8	30.7	155.4	1,125.1	31.1	136.7	1,888.6	30.8	160.5
South Asia										
India	(60)	181.3	−10.8	−9.6	246.0	−10.5	1.7	216.7	−10.7	−6.7
Malaysia	(62)	154.6	1.8	41.9	172.0	1.8	41.3	185.4	1.8	46.5
Pakistan	(50)	121.3	1.8	−0.6	167.7	1.8	14.2	188.9	2.0	8.6
Thailand	(29)	387.8	−4.1	77.7	364.9	−4.3	80.2	837.4	−3.8	132.1
Europe/Middle East/Africa										
Greece	(26)	327.9	16.5	95.3	402.8	17.7	108.6	532.0	16.5	110.8
Jordan	(25)	103.8	12.8	8.0	179.7	15.4	48.3	128.0	12.8	11.3
Nigeria	(15)	34.8	1.7	12.1	335.7	6.5	65.0	52.8	3.2	25.0
Portugal†	(23)	613.6	−6.2	22.8	582.7	−7.6	23.4	1,094.4	−5.7	32.0
Turkey‡	(18)	339.2	40.6	462.6	1,041.5	42.7	625.2	4,878.2	40.6	1,598.3
Zimbabwe	(11)	625.9	2.5	28.4	958.2	5.1	52.1	1,055.6	2.5	44.2

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	MONDAY MARCH 5 1990: US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	FRIDAY MARCH 2 1990: US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX: 1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	139.95	+0.5	126.60	122.97	+1.0	5.49	139.31	125.10	121.71	160.41	128.28	139.02
Austria (19)	266.13	+1.1	240.73	235.62	+0.2	1.13	263.17	236.33	235.09	268.46	92.84	102.74
Belgium (61)	136.50	+1.2	123.48	119.17	+0.5	4.68	134.84	121.09	118.55	160.02	125.58	132.71
Canada (120)	141.06	+0.5	127.59	121.80	+0.2	3.35	140.42	126.10	121.41	154.17	124.67	133.84
Denmark (36)	246.79	+1.1	223.24	219.44	+0.5	1.46	244.10	219.20	218.29	260.82	165.36	168.28
Finland (26)	147.11	−0.5	133.07	123.34	−1.0	2.37	147.83	132.75	124.56	159.18	118.68	144.25
France (125)	146.01	+1.6	132.08	131.81	+0.6	2.85	143.74	129.08	131.00	157.97	112.57	116.18
West Germany (96)	126.87	+2.5	114.78	112.38	+1.6	1.89	123.76	111.13	110.60	137.01	79.58	85.54
Hong Kong (48)	120.50	+1.3	109.00	120.83	+0.2	4.83	118.91	106.78	120.61	140.33	86.41	128.96
Ireland (17)	186.71	−0.4	168.89	168.27	−1.1	2.50	187.48	168.35	170.21	198.57	125.00	143.04
Italy (96)	94.44	+2.2	85.43	88.58	+1.2	2.59	92.41	82.98	87.54	102.11	74.97	80.51
Japan (455)	162.64	+0.0	147.12	153.96	−0.4	0.53	162.71	146.12	154.54	200.11	159.43	190.60
Malaysia (36)	236.75	+0.3	214.16	246.83	+0.3	2.16	236.12	212.03	246.07	245.32	143.35	154.84
Mexico (13)	384.77	+1.4	348.05	1148.90	+1.4	0.45	379.58	340.86	1133.41	393.90	153.32	157.50
Netherland (43)	132.36	+0.4	119.73	115.84	−0.5	4.77	131.81	118.36	116.47	145.66	110.63	114.80
New Zealand (18)	65.24	+0.2	59.01	58.93	+0.4	5.85	65.09	58.45	58.71	88.18	61.96	72.71
Norway (24)	239.40	+2.2	216.55	213.40	+2.1	1.54	234.16	210.28	208.98	241.98	139.92	173.03
Singapore (26)	193.77	+0.7	175.28	167.11	+0.6	1.74	192.38	172.76	166.14	199.38	124.57	138.99
South Africa (60)	198.01	−0.7	179.12	159.13	+1.0	3.52	199.40	179.06	157.63	251.39	115.35	129.62
Spain (43)	148.01	+0.6	133.88	122.61	+0.1	4.28	147.05	132.05	122.49	169.75	143.14	143.55
Sweden (35)	180.12	−0.1	162.93	163.85	−0.3	2.27	180.28	161.89	164.40	206.95	138.45	155.11
Switzerland (62)	93.53	+1.2	84.60	86.92	+0.3	2.15	92.40	82.97	86.67	99.12	67.81	77.18
United Kingdom (306)	148.50	−1.8	134.33	134.33	−1.0	4.82	151.16	135.74	135.74	164.31	133.28	149.05
USA (542)	135.25	−0.5	122.34	135.25	−0.5	3.51	135.97	122.10	135.97	146.29	112.13	119.98
Europe (989)	136.38	+0.3	123.36	121.90	+0.0	3.56	136.01	122.14	121.86	146.66	112.63	119.07
Nordic (121)	188.16	+0.6	170.20	162.46	+0.3	1.86	186.97	167.89	162.03	201.89	137.95	147.83
Pacific Basin (687)	160.24	+0.0	144.95	151.44	−0.3	0.80	160.23	143.88	151.90	194.72	157.05	185.87
Euro−Pacific (1656)	150.94	+0.1	136.54	139.83	−0.2	1.82	150.79	135.41	140.09	174.18	141.56	159.15
North America (662)	135.50	−0.5	122.57	134.39	−0.5	3.50	136.14	122.25	135.05	146.66	112.79	120.71
Europe Ex. UK (683)	127.48	+1.6	115.32	114.05	+0.7	2.76	125.47	112.67	113.22	135.73	96.30	100.56
Pacific Ex. Japan (212)	130.96	+0.7	118.46	119.06	+0.7	4.83	130.01	116.75	118.28	140.05	111.98	129.11
World Ex. US (1849)	151.19	+0.1	136.76	139.72	−0.2	1.89	151.03	135.63	139.94	173.77	141.49	157.98
World Ex. UK (2085)	144.09	+0.1	130.34	138.49	−0.2	2.17	143.99	129.30	138.77	162.00	136.98	142.74
World Ex. So. Af. (2331)	144.13	−0.1	130.38	137.92	−0.3	2.41	144.28	129.56	138.32	161.84	136.87	143.37
World Ex. Japan (1936)	136.52	−0.1	123.49	130.03	−0.2	3.57	136.71	122.77	130.32	145.52	114.51	120.58
The World Index (2391)	144.46	−0.1	130.68	138.07	−0.3	2.42	144.61	129.86	138.45	162.05	136.68	143.28

Latest prices for this edition were unavailable.